

Chief Executive: Dr Ann Black

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

Date: 13 November 2024

Our Ref: TA48

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 21 November 2024 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 12 September 2024 (*enclosed*).

For Decision

1. Budget 2025/26. *Report enclosed.*
2. Schedule of Meetings 2025. *Report enclosed.*

For Information

3. Investment Performance Update – Six Months to 30 September 2024. *Report enclosed.*
4. Management Accounts – Six Months to 30 September 2024. *Report enclosed.*
5. Capital Works Bridging Loan Scheme. *Report enclosed.*

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

For Decision

6. Large Grant Scheme 2025/26 – Approval of Disbursements. *Report enclosed.*

For Information

7. Deeds Executed. *Report enclosed.*
8. Update from Chairs of Advisory Committees.
9. Update from Subsidiary Companies.

REPORT

To: Shetland Charitable Trust

Date: 21 November 2024

From: Chief Executive

Report: CT2411032

Budget 2025/26

1. Introduction

- 1.1 The purpose of this report is to seek Trustee approval of the recommended budget of £12,250,000 for 2025/26.

2. Background

- 2.1 At the Trust meeting on 12 September 2019, Trustees approved a Strategy for period 2020-2025 (CT1909031). The Strategy states that the Trust aims “to use its available funds to benefit and improve the quality of life of all people living in Shetland and to preserve the Trust reserves for future generations”.
- 2.2 In order to preserve the Trust reserves for future generations, Trustees approved a Financial Plan 2020-2025 (CT1909029) at their meeting on 12 September 2019.
- 2.3 On 16 September 2021, Trustees approved a revised Financial Plan 2022-25 (CT2109016) to take into account the increase in the Trust’s externally managed investments since the approval of the original plan.
- 2.4 At the Trust meeting on 8 February 2024, Trustees approved a new Strategy for the period 2025-2030 (CT2402005). The Strategy will guide and direct the work of the Trust and was developed to build on the positive impact that Trust Funding has made.
- 2.5 At the Trust meeting on 12 September 2024, Trustees approved a Financial Plan 2025-2030 (CT2409026). The Financial Plan uses the average investment growth above inflation on the Trust’s reserves to support annual expenditure.

- 2.6 On 12 September 2024, Trustees also approved a Disbursement Plan 2025-30 (CT2409027). The Disbursement Plan forecasts maximum disbursements of £9,815,000 be available for the year to 31 March 2026.

3. Present Position

- 3.1 A budget of £12,250,000 is proposed in line with the Financial Plan for 2025/26 (CT2409026).
- 3.2 The table below provides a summary of the overall recommended budget for 2025/26 against the approved 2024/25 budget:

	<u>2025/26 Proposed Budget £'000</u>	<u>2024/25 Approved Budget £'000</u>
Income	500	500
Expenditure		
Disbursements (See 5 below)	(9,815)	(9,000)
Trust Administration	(1,088)	(985)
Investment Management	(1,847)	(1,497)
Total Expenditure	<u>(12,750)</u>	<u>(11,482)</u>
Recommended Budget	<u>(12,250)</u>	<u>(10,982)</u>

- 3.3 Full detail of the Trust's budgets are presented in Appendix A. In summary, the recommended budget shows a net expenditure of £12,250,000.
- 3.4 The budget does not take into account possible gains or losses on the value of the Trust investments over the year.
- 3.5 In addition to the recommended budget, existing funding commitments to the Capital Grant Scheme are anticipated during the period. These financial commitments will require recall from investments in addition to the recommended budget.

4 Income - £500,000

- 4.1 The budgeted income includes gift aid payments from a subsidiary company, estimated at £50,000. Also included is rental payments on the land at Sullom Voe Oil Terminal, estimated at £450,000.

5 Disbursements - £9,815,000

5.1 Large Grant Scheme – £9,665,000

The recommended awards for the Main Grant Scheme for 2025/26 are set out in the "Large Grant Scheme 2025/26 - Approval of Disbursements" paper (CT2411037). Funding of up to **£9,665,000** is recommended. These have been considered and recommended by the General Purposes Advisory Committee (GPAC).

5.2 **Small Grant Scheme and Innovation Grant Scheme - £150,000**

On 12 September 2024 Trustees approved the Disbursement Plan 2025 – 2030 (CT2409027). This included both a Small Grant Scheme and an Innovation Grant Scheme for 2025/26. Funding of up to **£150,000** is recommended, with the funds split between the two schemes dependent on needs and demands of applications. The schemes developed seek to give a wider range of organisations the opportunity to deliver activities and outcomes that support the objectives of the Trust's Strategy 2025 – 2030.

5.3 **Draw Down of Funding**

Trustees are asked to approve the drawdown of funding for the grant schemes in sections 5.2 to 5.3, above.

6. **Management and Administration – £1,088,000**

6.1 Funding of **£1,088,000** is recommended. The 2025/26 budget is shown in detail in Appendix A.

7. **Investment Management - £1,847,000**

7.1 This 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 £500,000 with expenditure of £12,750,000 giving a projected recall from investments of £12,250,000 for the budget in the year to 31 March 2026.

8.2 This represents an increase of £1,268,000 in the budget for 2025/26 compared with 2024/25.

8.3 As detailed in 3.5, there are funding commitments to the Capital Grant Scheme that will require recall from investments when awards are successfully claimed. The grant awards were included in Trust financial statements previously.

9. **Recommendations**

9.1 It is recommended that Trustees approve:

- a) budgeted income of £500,000 as detailed in section 4;
- b) budgeted disbursements of **up to** £9,815,000 as detailed in section 5;
- c) budgeted management and administration expenses of £1,088,000 as stated in section 6;
- d) budgeted investment management expenses of £1,847,000 as stated in section 7;

	FY26 Budget £	FY25 Budget £
<u>Income and Expenditure</u>		
Local Equity Gift Aid	50,000	0
Rental income	450,000	500,000
Miscellaneous income	0	0
Total Income	500,000	500,000
Main Grant Scheme	-9,665,000	-8,900,000
Capital Grant Scheme	0	0
Small & Innovation Grant Schemes	-150,000	-100,000
Total Disbursements	-9,815,000	-9,000,000
Total Staffing Costs	-414,400	-414,400
Property Costs	-202,500	-155,300
Insurance	-16,500	-16,500
Administration	-8,750	-6,300
Supplies and services	-6,000	-6,250
Legal fees	-200,000	-75,000
Professional fees	-50,000	-75,000
Financial Advice	-50,000	-100,000
External audit fees	-27,000	-25,500
Trustees expenses	-1,000	-1,000
Meeting expenses	-2,250	-1,750
Trustee recruitment	-1,500	-1,500
Bank charges	-400	-400
Bought in services	-107,700	-106,100
Total management and admin	-1,088,000	-985,000
Fund managers fees	-1,847,000	-1,497,000
Total investment costs	-1,847,000	-1,497,000
Total Expenditure	-12,750,000	-11,482,000
Recommended Budget	-12,250,000	-10,982,000
<u>Accrued Expenditure</u>		
Capital Grant Scheme	-3,000,000	-3,750,000
MRI Scanner		-500,000
Investment Recall	-15,250,000	-15,232,000

REPORT

To: Shetland Charitable Trust

Date: 21 November 2024

From: Chief Executive

Report: CT2411033

Schedule of Meetings 2025

1. Introduction

1.1 The purpose of this report is ask Trustees to accept the recommendation of the Audit & Governance Advisory Committee (AGAC) and approve the schedule of meetings for 2025.

2. Present Position

2.1 During 2024, there were four scheduled Trust meetings. It is proposed to hold four Trust Meetings during 2025. Special Meetings will be called if and when required.

3. Proposed Schedule

3.1 For 2025, the following meeting dates are proposed and have been reviewed and recommended by the AGAC:

Thursday 13 February 2025

Thursday 05 June 2025

Thursday 11 September 2025 + AGM

Thursday 20 November 2025

3.2 Trustees agreed previously to adopt the method of hybrid meetings using Zoom and the Shetland Charitable Trust Boardroom as appropriate. It is proposed that this is continued during 2025. The time of each meeting will be agreed in advance.

4 Recommendations

4.1 The AGAC recommend that Trustees adopt the diary of meetings set out at 3.1 above for 2025.

Ref: TA48

Report Number CT2411033

REPORT

To: Shetland Charitable Trust

Date: 21 November 2024

From: Chief Executive

Report: CT2411034

Investment Performance Update – Six Months to 30th September 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 six months to 30 September 2024.

2. Market Performance

- 2.1 Quarter three of the fiscal year was marked by significant volatility and shifting dynamics in the financial markets, primarily driven by changes in interest rate expectations and economic indicators.
- 2.2 After an extended period of outperformance, many tech stocks had reached elevated valuations, prompting some investors to reconsider their positions and seek opportunities elsewhere.
- 2.3 Defensive and interest rate sensitive sectors have found renewed favour as a result. Companies with robust current cash flows and more modest valuations have attracted increased attention from investors seeking stability and reliable returns.

3. Overall External Fund Performance

- 3.1 This report concentrates on the six months from April 2024 to September 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 September 2024 of £433.1 million. The funds, type of mandate and market values at the end of September 2024 are as follows:

Manager	Mandate	Market Value Sept 2024 (£m)	% of Reserves
Baillie Gifford	Active Equities	195.1	45.1
BlackRock	Passive Equities	111.8	25.8
Schroders	UK Property	75.1	17.3
Insight	Diversified Growth	51.1	11.8
Total		433.1	100.0

3.3 The return on the Trust's external investments over the six-month period was 1.3%.

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 %
6 Months	1.3	3.7	(2.4)
1 Year	17.1	14.2	2.9
3 Years	(1.3)	6.6	(7.9)
5 Years	10.0	7.6	2.4

3.6 The returns achieved over the short term have been below composite benchmark, however 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 six months, one-year, three years and five years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/(Under) Performance %
6 Months	2.1	3.3	(1.2)
1 Year	28.0	19.9	8.1
3 Years	(4.9)	8.3	(13.2)
5 Years	15.3	10.3	5.0

- 4.3 Baillie Gifford returned 2.1% over the six months to 30 September 2024, compared to the broad market return of 3.3%, which was 1.2% below the benchmark return.
- 4.4 Over the three-year period, Baillie Gifford have returned minus 14.0%, equivalent to a return of minus 4.9% per annum. However, over the five-year period Baillie Gifford have returned 103.8%, equivalent to a return of 15.3% 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 six months, one-year, three years and five years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
6 Months	0.6	4.2	(3.6)
1 Year	14.0	15.2	(1.2)
3 Years	5.0	7.2	(2.2)
5 Years	6.9	7.3	(0.4)

- 5.3 The mandate with BlackRock over the six months to 30 September 2024 produced a return of 0.6%, which was 3.6% below the benchmark for the period.
- 5.4 Over the last three years, BlackRock have returned 19.1%, equivalent to a return of 5.0% per annum. Over the five-year period, BlackRock have returned 39.6%, equivalent to a return of 6.9% 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 six months, one-year, three years and five years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
6 Months	0.3	2.4	(2.1)
1 Year	0.7	1.7	(1.0)
3 Years	1.2	(0.4)	1.6
5 Years	2.4	1.7	0.7

6.3 Over the six months to 30 September 2024 Schroders have returned 0.3%, which was 2.1% below the property benchmark.

6.4 Over the last three years, Schroders have returned 3.6%, equivalent to a return of 1.2% per annum. Over the five-year period, Schroders have returned 12.6%, equivalent to a return of 2.4% 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 six months, one-year, three years and five years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
3 Months	1.5	4.6	(3.1)
1 Year	11.7	9.4	2.3
3 Years	1.5	7.4	(5.9)
5 Years	2.1	6.1	(4.0)

7.3 Over the six months to 30 September 2024 Insight have returned 1.5% over the period, which was 3.1% below the benchmark return.

7.4 Over the last three years, Insight have returned 4.6%, equivalent to a return of 1.5% per annum. Over the five-year period, Insight have returned 11.0%, equivalent to a return of 2.1% 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.

Reference: IA7

Report Number: CT2411034

REPORT

To: Shetland Charitable Trust**Date:** 21 November 2024**From:** Chief Executive**Report:** CT2411035

Management Accounts – Six Months to 30 September 2024

1 Introduction

1.1 The purpose of this report is to present Shetland Charitable Trust's (the Trust) Management Accounts for the six months ended 30 September 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 six months to 30 September 2024.

Table 1: Summary Management Accounts 2024/25

Item	Annual Budget £m	Actual to Sept 2024 £m
Income	2.5	1.8
Disbursements	(9.0)	(4.5)
Management and Administration	(1.0)	(0.5)
Fund Managers Fees	(1.5)	(0.9)
Gain/(Loss) on Investments	28.0	5.2
Total	19.0	1.1

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 2024 the Trust made a gain on its investments of £5.2m.

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 six months ended 30 September 2024 as shown in the Management Accounts in Appendix A.

Reference: DA5/1

Report No: CT2411035



Shetland Charitable Trust

Management Accounts

6 Months Ended 30 September 2024

**Shetland Charitable Trust
Income and Expenditure
Period to 30 September 2024**

	6 Month Actual £	6 Month Budget £	Variance £	Annual Budget £
Income				
Managed fund dividends	0	0	0	0
Managed fund interest	1,624,441	1,000,000 *	624,441	2,000,000
Local equity gift aid	0	0	0	0
Rental income	200,653	250,000	-49,347	500,000
Bank interest	0	0	0	0
Miscellaneous income	10,000	0	10,000	0
	<u>1,835,094</u>	<u>1,250,000</u>	<u>585,094</u>	<u>2,500,000</u>
Expenditure				
Disbursements	-4,538,350	-4,550,150	11,800	-9,000,000
Management and administration	-438,901	-492,500	53,599	-985,000
Fund managers	-892,936	-748,500	-144,436	-1,497,000
	<u>-5,870,187</u>	<u>-5,791,150</u>	<u>-79,037</u>	<u>-11,482,000</u>
Gain on investments	5,180,342	14,002,500	-8,822,158	28,005,000
Surplus/(Deficit)	<u><u>1,145,249</u></u>	<u><u>9,461,350</u></u>	<u><u>-8,316,101</u></u>	<u><u>19,023,000</u></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 30 September 2024

	Sep-24	
	£	£
Tangible fixed assets		23,000
Investments		<u>444,261,334</u>
		444,284,334
Trade debtors	23	
Prepayments and Accrued income	212,126	
Other debtors	590,145	
Bank	<u>5,963,589</u>	
	6,765,883	
Trade creditors	43,978	
Accruals and Deferred income	4,199,494	
Other creditors	<u>123</u>	
	4,243,595	
Net current assets		<u>2,522,288</u>
		446,806,622
Pension liability		-388,000
		<u>446,418,622</u>
Opening reserves		445,273,373
Surplus for period		<u>1,145,249</u>
Closing reserves		<u>446,418,622</u>

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Shetland Charitable Trust
Rental Income
Period to 30 September 2024

	6 Month Actual £	6 Month Budget £	Variance £	Annual Budget £
Sullom Voe Site	200,653	249,750	-49,097	499,500
Shetland Golf Course	-	250	-250	500
	200,653	250,000	-49,347	500,000

**Shetland Charitable Trust
Disbursements
Period to 30 September 2024**

	6 Month Actual £	6 Month Budget £	Variance £	Annual Budget £
<u>Main Grant Scheme</u>				
Ability Shetland	16,750	16,750	-	33,500
Alzheimer Scotland	23,000	23,000	-	23,000
Clan Cancer Support	20,500	20,500	-	20,500
COPE Limited	121,150	121,150	-	242,300
Dogs Against Drugs	21,500	21,500	-	21,500
Gaada	15,000	15,000	-	30,000
Mind Your Head	31,750	31,750	-	63,500
Moving On	18,850	18,850	-	37,700
NSPCC Scotland	-	4,000	4,000	4,000
OPEN Project	16,450	16,450	-	32,900
Royal Voluntary Service	33,700	33,700	-	67,400
Shetland Amenity Trust	630,850	630,850	-	1,261,700
Shetland Arts Development Agency	376,200	376,200	-	752,400
Shetland Befriending Scheme - 16+	13,600	13,600	-	13,600
Shetland Befriending Scheme - CYP	28,100	28,100	-	56,200
Shetland Care Attendants Schme	27,150	27,150	-	54,300
Shetland Community Connections	17,700	17,700	-	17,700
Shetland Islands Citizen Advice Bureau	143,000	143,000	-	286,000
Shetland Islands Council Rural Care Model	993,100	993,100	-	1,986,200
Shetland Link Up	29,000	29,000	-	58,000
Shetland Recreational Trust	1,694,600	1,694,600	-	3,389,200
Shetland Women's Aid	52,550	52,550	-	105,100
The Compass Centre	24,000	24,000	-	48,000
The Swan Trust	14,850	14,850	-	29,700
Voluntary Action Shetland - Core	46,550	46,550	-	93,100
Voluntary Action Shetland - Market House	50,100	50,100	-	100,200
Voluntary Action Shetnad - Carers Service	18,500	18,500	-	37,000
Who Cares? Scotland	17,650	17,650	-	35,300
Sub Total Main Grant Scheme	4,496,150	4,500,150	4,000	8,900,000
<u>Small Grant Scheme</u>	42,200	50,000	7,800	100,000
<u>Capital Grant Scheme</u>	-	-	-	-
Surplus Grants Refunded	-	-	-	-
Total	4,538,350	4,550,150	11,800	9,000,000

Shetland Charitable Trust
Management and Administration Expenditure
Period to 30 September 2024

	6 Month Actual £	6 Month Budget £	Variance £	Annual Budget £
Staffing Costs				
Basic Pay and Allowances	153,653	201,100	47,447	402,200
Professional Membership Fees	210	250	40	500
Staff recruitment	-	750	750	1,500
Travel and Subsistence	185	2,500	2,315	5,000
Training and Staff Development	679	2,600	1,921	5,200
Sub Total Staffing Costs	154,728	207,200	52,472	414,400
Operating Costs				
Insurance	6,777	8,250	1,473	16,500
Administration	3,509	3,150	-359	6,300
Supplies and Services	2,425	3,125	700	6,250
Bank Charges	44	200	156	400
Professional Fees	55,626	37,500	-18,126	75,000
External Audit Fees	12,810	12,750	-60	25,500
Financial advice	57,600	50,000	-7,600	100,000
Trustees Expenses	-	500	500	1,000
Meeting expenses	545	875	330	1,750
Legal Fees	44,162	37,500	-6,662	75,000
Trustee Recruitment Costs	-	750	750	1,500
Sub Total Operating Costs	183,497	154,600	-28,897	309,200
Property Costs				
Energy Costs	578	3,500	2,922	7,000
Water Rates	747	750	3	1,500
Building Maintenance	55,291	72,500	17,209	145,000
Cleaning	132	900	768	1,800
Sub Total Property Costs	56,747	77,650	20,903	155,300
Bad debt write off	-	-	-	-
Bought In Services				
Treasury	10,200	10,200	0	20,400
Payroll	350	350	0	700
Building Maintenance	24,900	24,900	0	49,800
Committee Services	3,750	3,750	0	7,500
Computer Services	3,612	5,000	1,388	10,000
Peninsula	1,117	1,350	233	2,700
Public Relations	-	7,500	7,500	15,000
Sub Total Bought In Services	43,929	53,050	9,121	106,100
Total	438,901	492,500	53,599	985,000

Shetland Charitable Trust
Investment expenses
Period to 30 September 2024

	6 Month Actual £	6 Month Budget £	Variance £	Annual Budget £
Management Expenses	95,303	- *	-95,303	-
Northern trust fees	24,608	24,500	-108	49,000
Insight investment fees	114,248	107,500	-6,748	215,000
BlackRock	111,815	105,000 *	-6,815	210,000
Schroders fees	90,535	94,500	3,965	189,000
Baillie Gifford fees	456,426	417,000	-39,426	834,000
Total	892,936	748,500	-144,436	1,497,000

* 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: 21 November 2024

From: Chief Executive

Report: CT2411036

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 30 September 2024, two organisations were awarded a new loan.

- 3.3 In the period 1 April 2024 to 30 September 2024, five organisations fully repaid their loans
- 3.4 Appendix A lists the outstanding loans as at 30 September 2024.
- 3.5 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.

5. Conclusion

- 5.1 Four loans brought forward at 1 April 2024 remain active and one loan awarded in the current year is active.

6. Recommendation

- 6.1 Trustees are asked to note this report.

Reference: D19

Report Number: CT2411036

Capital Works Bridging Loan Scheme Update

April 2024 - Sept 2024

CT2411036 Appendix A

Project	Project Costs £	Bridging Loan Approved £	Drawn Down to Date £	Repaid to 31/03/24 £	Due to SCT at 01/04/24 £	Repaid £ 2024/25	Due to SCT at 30/09/24 £	Notes
Loans approved 2019/20								
Hillswick Wildlife Sanctuary	428,100	366,000	366,000	346,710	19,290	12,290	7,000	Receiving monthly repayments of £500.
Loans approved 2021/22								
South Nesting Boating Club (SCIO)	66,000	53,460	53,460	25,393	28,067	-	28,067	Extension requested - Repayment expected December 2024.
Scalloway Community Development Company	669,755	400,000	400,000	350,000	50,000	50,000	-	-
Loans approved 2022/23								
Community Development Company of Nesting	112,117	100,905	100,905	90,905	10,000	10,000	-	-
Loans approved 2023/24								
Fair Isle Bird Observatory Trust	8,000,000	500,000	500,000		500,000	-	500,000	Extension requested to March 2025.
Unst Boating & Swimming Club	280,211	217,000	217,000		217,000	217,000	-	-
Community Development Company of Nesting	97,597	87,837	87,837		87,837	65,878	21,959	Further repayment expected November 2024.
Shetland UHI	138,411	124,570	124,570		124,570	124,570	-	-
Loans approved 2024/25								
Fetlar Community Association	155,000	110,700	110,700			110,700	-	-
Dunrossness Central Public Hall	50,176	32,214	32,214			-	32,214	Loan drawn down on 30/09/2024, repayment expected December 2024.
TOTAL	9,997,367	1,992,686	1,992,686	813,008	1,036,764	590,438	589,240	