

Chief Executive: Dr Ann Black

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

Date: 17 November 2021

Our Ref: TA48

Dear Sir/Madam

You are invited to the following meeting:

Shetland Charitable Trust
Thursday 25 November 2021 at 11.00am

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

(Please note that this meeting will be held remotely via Zoom conference call, and joining instructions will be sent to you separately)

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 16 September 2021 (enclosed).

For Decision

1. Budget 2022/23. *Report enclosed.*
2. Schedule of Meetings 2022. *Report enclosed.*
3. Capital Works Bridging Loan Scheme. *Report enclosed.*

For Information

4. Investment Performance Update – Six Months to 30 September 2021. *Report enclosed.*
5. Management Accounts – Six Months to 30 September 2021. *Report enclosed.*
6. Capital Works Bridging Loan Scheme Update. *Report enclosed.*

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

For Decision

7. Main Grant Scheme 2022/23 – Approval of Disbursements. *Report enclosed.*
8. Shetland Women's Aid. *Report enclosed.*

For Information

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

REPORT

To: Shetland Charitable Trust

Date: 25 November 2021

From: Chief Executive

Report: CT2111024

Budget 2022/23

1. Introduction

1.1 The purpose of this report is to seek Trustee approval of the recommended budget of £18,820,000 for 2022/23.

2. Background

2.1 At the Trust meeting on 12 September 2019, Trustees approved a new Strategy for 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 new 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 The Financial Plan uses the average investment growth above inflation on the Trust’s reserves to support annual expenditure. The Financial Plan envisaged the maximum available expenditure for the year to 31 March 2023 to be £15.0 million, including £4.0 million towards a Capital Grant Scheme.

2.5 On 16 September 2021, Trustees also approved a revised Disbursement Plan 2022–25 (CT2109017) to include a new Capital Grant Scheme. The new Capital Grant Scheme will operate for the period 2022 – 2025, with a maximum budget over the three years of £12.0 million.

3. Present Position

- 3.1 A budget of £18.8 million is now proposed as a variation to the Financial Plan for 2022/23 only, to provide up to £7.7 million of funding towards the Capital Grant Scheme in the first year of its operation.
- 3.2 The budgets for years 2023/24 and 2024/25 will be lower to ensure the Trust meets its Financial Plan and remains within the £12.0 million budget allocated to the Capital Grant Scheme over the three years.
- 3.3 The table below provides a summary of the overall recommended budget for 2022/23 against the approved 2021/22 budget:

	2022/23 Budget £'000	2021/22 Budget £'000
Income	500	1,750
Expenditure		
Disbursements (See 5 below)	(16,400)	(9,720)
Trust Administration	(680)	(650)
Investment Management	(1,740)	(1,630)
Total Expenditure	(18,820)	(12,000)
Income less Expenditure	(18,320)	(10,250)

- 3.4 A full list of the Trust's budgets is given in Appendix A. In summary, the proposed budget shows a net expenditure of £18,320,000. To meet this budget, funds of £18,320,000 would have to be recalled from the Trust's Investments.
- 3.5 The budget does not take into account possible gains or losses on the value of the Trust investments over the year.

4 Income - £500,000

- 4.1 The budgeted income includes rental payments on the land at Sullom Voe Oil Terminal.
- 4.2 Following the transfer of assets to BlackRock's "iShares MSCI World SRI" product, no dividend income will now be received from the Trust's external investments. All dividends will now be reinvested and accumulated in these externally managed funds.
- 4.3 In the short term, the budgeted income for Local Equity Gift Aid has been reduced to zero, as there is uncertainty on the forecasted gift aid from Shetland Heat Energy and Power Limited.

5 Disbursements - £16,400,000

5.1 Overview

5.1.1 Funding **up to a maximum of £16,400,000** is recommended. This is an increase of £6,679,700 on the prior year.

5.1.2 The table below provides a summary of the recommended maximum disbursement budgets for 2022/23 against the approved 2021/22 budgets:

	2022/23 Budget	2021/22 Budget
Main Grant Scheme	8,600,000	8,320,300
Capital Grant Scheme	7,700,000	-
Main Grant Scheme Contingency	-	1,300,000
Small Grant Scheme	100,000	100,000
Total Disbursements	16,400,00	9,720,300

5.2 Main Grant Scheme – £8,600,000

5.2.1 The recommended awards for the Main Grant Scheme for 2022/23 are set out in the “Main Grant Scheme - Approval of Disbursements” paper (CT2111030), item 7 on the agenda. Funding of up to **£8,600,000** is recommended. These have been considered and recommended by the General Purposes Advisory Committee (GPAC).

5.3 Capital Grant Scheme – £7,700,000

5.3.1 On 16 September 2021, Trustees approved a revised Disbursement Plan 2022–25 (CT2109017) to include a new Capital Grant Scheme. The new Capital Grant Scheme will operate for the period 2022 – 2025, with a maximum budget over the three years of £12.0 million.

5.3.2 In the first round of applications, bids totalling £9,800,000 were received. If all the projects were approved as presented the maximum budget required for 2022/23 would be £7,700,000, with the remaining expenditure incurred in 2023/24 and 2024/25.

5.3.3 Therefore, a maximum budget of **£7,700,000** is recommended for the Capital Grant Scheme for 2022/23. This has been considered and recommended by the General Purposes Advisory Committee.

5.3.4 The remainder of the already approved budget, of up to £12.0 million, will be allocated to projects and works in 2023/24 and 2024/25 as required.

5.4 **Small Grant Scheme - £100,000**

5.4.1 Trustees approved a new Small Grant Scheme for 2022/23 at their meeting of 17 September 2020 (CT2009024). Funding of up to **£100,000** is recommended. The scheme will open for applications from 1 December 2021 and seeks to give smaller organisations the opportunity to deliver activities and outcomes that support the objectives of the Trust's Strategy 2020 – 2025.

5.5 **Draw Down of Funding**

5.5.1 Trustees are asked to approve the drawdown of funding for the grant schemes in sections 5.2 to 5.4, above.

6. **Management and Administration – £680,000**

6.1 Funding of **£680,000** is recommended. The 2022/23 budget is shown in detail in Appendix A.

7. **Investment Management - £1,740,000**

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.

7.2 For the new BlackRock's "iShares MSCI World SRI" product fees are charged daily within the fund and the Trust will no longer be invoiced separately for these. They have therefore, not been included in the estimated fees above. The estimated fee for BlackRock for 2022/23 is £208,000.

8. **Financial Implications**

8.1 If approved, the budgeted income will be £500,000 with expenditure of £18,820,000 giving a projected maximum recall from investments of £18,320,000 for the year to 31 March 2023.

8.2 This represents an increase of £6,819,300 in the budget for 2022/23 compared with 2021/22. The principle reason for this increase is introduction of the new Capital Grant Scheme.

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** £16,400,000 as detailed in section 5;
- c) budgeted management and administration expenses of £680,000 as stated in section 6;
- d) budgeted investment management expenses of £1,740,000 as stated in section 7;

	FY 23 Budget £	FY 22 Budget £
<u>Income and Expenditure</u>		
Managed fund dividends	-	1,000,000
Local Equity Gift Aid	-	-
Rental income	500,000	750,500
Miscellaneous income	-	-
Total Income	<u>500,000</u>	<u>1,750,500</u>
Main Grant Scheme	8,600,000	8,320,300
Capital Grant Scheme	7,700,000	-
Main Grant Scheme Contingency	-	1,300,000
Small Grant Scheme	100,000	100,000
Total Disbursements	<u>16,400,000</u>	<u>9,720,300</u>
Total Staffing Costs	361,500	337,800
Property Costs	63,500	63,500
Insurance	14,000	11,500
Administration	5,600	4,100
Supplies and services	6,400	6,400
Legal fees	50,000	50,000
Professional fees	20,000	20,000
Financial Advice	30,000	30,000
External audit fees	20,000	20,000
Trustees expenses	1,500	3,000
Meeting expenses	2,000	2,000
Trustee recruitment	2,500	2,500
Bank charges	400	400
Bought in services	102,600	98,800
Total management and admin	<u>680,000</u>	<u>650,000</u>
Fund managers fees	1,740,000	1,630,400
Total investment costs	<u>1,740,000</u>	<u>1,630,400</u>
Total Expenditure	<u>18,820,000</u>	<u>12,000,700</u>
Investment Recall	<u>(18,320,000)</u>	<u>(10,250,200)</u>

REPORT

To: Shetland Charitable Trust

Date: 25 November 2021

From: Chief Executive

Report: CT2111025

Schedule of Meetings 2022**1. Introduction**

1.1 The purpose of this report is to seek Trustees' approval to the schedule of meetings for 2022.

2. Present Position

2.1 During 2021, there were four scheduled Trust meetings. This worked well and it is proposed to continue with this during 2022. Special Meetings will be called if and when required.

3. Proposed Schedule

3.1 For 2022, the following meeting dates are proposed and have been reviewed and recommended by the Audit & Governance Advisory Committee:

Thursday 10 February 2022

Thursday 2 June 2022

Thursday 15 September 2022

Thursday 24 November 2022

3.2 During 2020 and 2021, the Covid-19 Pandemic changed the way that Trust Meetings could be held. Trustees agreed to adopt the method of conducting meetings by Zoom and this worked well. It is proposed that this is continued during 2022 while there is still uncertainty around the spread of the virus.

3.3 If during the year, it is felt that face-to-face meetings are appropriate, it is proposed that the venue will be the Shetland Charitable Trust Boardroom at 22-24 North Road, Lerwick, Shetland and the time of each meeting will be agreed in advance.

4 Recommendations

4.1 The Audit & Governance Advisory Committee recommend that Trustees adopt the diary of meetings set out at 3.1 above for 2022.

Ref: TA48

Report Number CT2111025

REPORT

To: Shetland Charitable Trust

Date: 25 November 2021

From: Chief Executive

Report: CT2111026

Capital Works Bridging Loan Scheme

1. Introduction

- 1.1 The purpose of this report is to seek Trustees approval to increase the maximum loan capital available at any one time under the Capital Works Bridging Loan Scheme to £1.5 million.

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 Since the Scheme has been introduced nearly fifty loans have been made available, totalling over £4.0 million.
- 2.4 Under the Scheme, a total of £1.0 million is set as the maximum capital that is available for loans at any one time.

3. Present Position

- 3.1 As at 12 November 2021, there were five loans outstanding, with £235,250 due to be repaid to the Trust.
- 3.2 The Trust is aware that as new local funding sources have become available, the opportunity to fund both larger and more projects in Shetland has improved.
- 3.3 There are currently two loan applications pending for large projects. The loans requested in these applications total around £900,000.

- 3.4 If approved, this would take the outstanding loan capital to £1,135,250, some £135,250 above the approved maximum.
- 3.5 To ensure these projects can benefit from the loan facility and to provide headroom for potentially further applications, it is proposed to increase the maximum loan capital available at any one time under the Scheme to £1.5 million.
- 3.6 The proposal has been considered and recommended by the General Purposes Advisory Committee,

4. Financial Implications

- 4.1 The provision of interest free loans means that the capital involved is not generating investment returns.
- 4.2 The maximum funds not available for external investment at any one time would be £1.5 million.
- 4.3 The Financial Plan assumption for future investment returns is 6.5% per annum.
- 4.4 If the full £1.5 million was loaned out for one year, the Trust could potentially see a reduction of £97,500 in investment returns. Although, this is equivalent to less than 0.02% of the Trust's current total external investments.

5. Recommendation

- 5.1 The General Purposes Advisory Committee recommend Trustees approve an increase in the maximum loan capital available at any one time under the Capital Works Bridging Loan Scheme to £1.5 million.

Reference: D19

Report Number: CT2111026

REPORT

To: Shetland Charitable Trust

Date: 25 November 2021

From: Chief Executive

Report: CT2111027

Investment Performance Update – Six Months to 30 September 2021

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 2021.

2. Market Performance

- 2.1 Over the six month period equity markets have performed strongly. In the three months to June equities rose strongly as economies opened up after Covid-19. Returns in the period July to September were relatively flat with inflation a concern and the effects of the Covid-19 Delta variant slowing economic recovery.
- 2.2 Returns on UK Property continue to recover from the “distress” in the market following Brexit and the Covid 19 crisis.

3. Overall External Fund Performance

- 3.1 This report concentrates on the six months from April 2021 to September 2021. However, as the Trust is a long term investor, the report also considers the performance over one and three years.
- 3.2 The Trust has four fund managers with total investments under management at the end of September 2021 of £485.2 million. A drawdown of £4.5m was made from Baillie Gifford in September to meet Trust's disbursement commitments due in October 2021. The funds, type of mandate and market values at the end of September 2021 are as follows:

Manager	Mandate	Market Value Sept 2021 (£m)	% of Reserves
Baillie Gifford	Active Equities	291.2	60.0
BlackRock	Passive Equities	101.9	21.0
Schroders	UK Property	59.3	12.2
Insight	Diversified Growth	32.8	6.8
Total		485.2	100.0

- 3.3 The return on the Trust's external investments over the six month period was 10.6%. This strong gain was largely driven by the returns on world equity markets over the period.
- 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	10.6	7.8	2.8
1 Year	20.1	20.1	0.0
3 Years	19.5	7.8	11.7

- 3.6 Overall, the Trust's external investments have exceeded or matched the benchmark return for each period and have met the Financial Plan assumed return.
- 3.7 The positive return over the last 12 months continues to be driven by the performance of equities.

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, the last year and the last three years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
6 Months	13.0	8.7	4.3
1 Year	21.9	22.2	(0.3)
3 Years	32.5	11.3	21.2

- 4.3 Baillie Gifford returned 13.0% over the six months to 30 September 2021, compared to the broad market return of 8.7%, which was 4.3% above the benchmark return.
- 4.4 Baillie Gifford continue to deliver excellent returns for the Trust. Over the last three years, Baillie Gifford have returned 132.6%, equivalent to a return of 32.5% per annum.

5. Fund Manager Performance BlackRock

- 5.1 The fund with BlackRock is invested passively in equities, so the fund is aiming to equal the benchmark return. The benchmark for BlackRock is made up of the All Share Indices in each region the funds are invested in.
- 5.2 Detailed below is BlackRock's performance for the last six months, the last year and the last three years.

Annualised Performance over	Actual Return	Benchmark Return	Over/ (Under) Performance
	%	%	%
6 Months	8.9	8.1	0.8
1 Year	24.4	25.0	(0.6)
3 Years	8.7	6.5	2.2

- 5.3 The mandate with BlackRock over the six months to 30 September 2021 produced a return of 8.9%, slightly above the benchmark for the period.
- 5.4 Over the last three years, BlackRock have returned 28.4%, equivalent to a return of 8.7% 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, the last year and the last three years.

Annualised Performance over	Actual Return	Benchmark Return	Over/ (Under) Performance
	%	%	%
6 Months	6.6	8.5	(1.9)
1 Year	10.4	13.2	(2.8)
3 Years	3.8	4.0	(0.2)

- 6.3 Over the six months to 30 September 2021 Schroders have returned 6.6%, which was below the property benchmark. The UK property market continues to recover from the stagnation experienced in 2020.
- 6.4 Over the last three years, Schroders have returned 11.8%, equivalent to a return of 3.8% 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, the last year and the last three years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
6 Months	3.8	2.0	1.8
1 Year	11.0	3.9	7.1
3 Years	3.9	4.4	(0.5)

7.3 Overall Insight produced a return of 3.8% over the period, which was 1.8% above the benchmark return. Insight's portfolio has recovered well over the last twelve months, but they remain behind the benchmarks over longer periods.

7.4 Over the last three years, Insight have returned 12.2%, equivalent to a return of 3.9% 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 Trustees approved the Investment Plan 2020–25 at their meeting held on 12 September 2019. The Plan sets out the overarching investment approach of the Trust to ensure the long-term strategic and financial objective of achieving a self-sustaining Trust.

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: CT2111027

REPORT

To: Shetland Charitable Trust

Date: 25 November 2021

From: Chief Executive

Report: CT2111028

Management Accounts – Six Months to 30 September 2021

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 2021, 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 2021/22 and the results in the six months to 30 September 2021.

Table 1: Summary Management Accounts 2021/22

Item	Annual Budget £m	Actual to Sept 2021 £m
Income	1.8	1.8
Disbursements	(9.7)	(4.2)
Management and Administration	(0.7)	(0.3)
Fund Managers Fees	(1.6)	(0.9)
Gain on Investments	27.7	46.5
Total	17.5	42.9

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 2021 the Trust made a gain on its investments of £46.5 million.

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 in the six months ended 30 September 2021 as shown in the Management Accounts in Appendix A.

Reference: DA5/1

Report No: CT2111028



Shetland Charitable Trust

Management Accounts

6 Months Ended 30 September 2021

Shetland Charitable Trust
Income and Expenditure
Period to 30 September 2021

	<u>6 Month</u> Actual £	<u>Annual</u> Budget £	<u>Variance</u> £
<u>Income</u>			
Managed fund dividends	467,907	1,000,000	(532,093)
Managed fund interest	1,088,734	-	1,088,734
Agricultural loan interest	80	-	80
Local equity gift aid	-	-	-
Rental income	250,449	750,500	(500,051)
Bank interest	-	-	-
Miscellaneous income	-	-	-
	<u>1,807,170</u>	<u>1,750,500</u>	<u>56,670</u>
<u>Expenditure</u>			
Disbursements	(4,212,819)	(9,720,300)	5,507,481
Management and administration	(250,508)	(650,000)	399,492
Fund managers	(901,639)	(1,630,400)	728,761
	<u>(5,364,966)</u>	<u>(12,000,700)</u>	<u>6,635,734</u>
Gain on investments	46,501,360	27,700,000	18,801,360
Surplus/(Deficit)	<u><u>42,943,564</u></u>	<u><u>17,449,800</u></u>	<u><u>25,493,764</u></u>

Shetland Charitable Trust
Balance Sheet
Period to 30 September 2021

	Sep-21	
	£	£
Tangible fixed assets		98,000
Investments		<u>497,221,813</u>
		497,319,813
Trade debtors	55	
Prepayments and Accrued income	114,607	
Other debtors	260,250	
Bank	<u>5,544,394</u>	
	5,919,306	
Trade creditors	31,031	
Accruals and deferred income	967,151	
Other creditors	<u>(782)</u>	
	997,400	
Net current assets		<u>4,921,906</u>
		502,241,719
Pension liability		(2,500,000)
		<u>499,741,719</u>
Opening reserves		456,798,155
Surplus for period		<u>42,943,564</u>
Closing reserves		<u>499,741,719</u>

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Shetland Charitable Trust
Rental Income
Period to 30 September 2021

	6 Month Actual £	Annual Budget £	Variance £
Sullom Voe Site	250,449	750,000	(499,551)
Shetland Golf Course	-	500	(500)
	250,449	750,500	(500,051)

Shetland Charitable Trust
Disbursements
Period to 30 September 2021

	6 Month Actual £	Annual Budget £	Variance £
<u>Main Grant Scheme</u>			
Ability Shetland	20,000	40,000	(20,000)
Alzheimer Scotland	11,450	22,900	(11,450)
British Red Cross	12,400	24,800	(12,400)
COPE Limited	112,500	225,000	(112,500)
Dogs Against Drugs	20,000	20,000	-
Gaada	25,000	50,000	(25,000)
Mind Your Head	37,500	75,000	(37,500)
Moving On	-	35,000	(35,000)
NSPCC Scotland	4,000	4,000	-
OPEN Project	15,600	31,200	(15,600)
Relationships Scotland - Shetland	14,900	29,800	(14,900)
Royal Voluntary Service	31,300	62,600	(31,300)
Shetland Amenity Trust	585,800	1,171,600	(585,800)
Shetland Arts Development Agency	325,000	650,000	(325,000)
Shetland Befriending Scheme - 16+	12,700	12,700	-
Shetland Befriending Scheme - CYP	26,500	53,000	(26,500)
Shetland Care Attendants Schme	37,150	74,300	(37,150)
Shetland Islands Citizen Advice Bureau	104,700	209,400	(104,700)
Shetland Islands Council Rural Care Model	993,100	1,986,200	(993,100)
Shetland Link Up	27,850	55,700	(27,850)
Shetland Rape Crisis	16,100	32,200	(16,100)
Shetland Recreational Trust	1,573,600	3,147,200	(1,573,600)
Shetland Women's Aid	50,000	100,000	(50,000)
The Swan Trust	14,150	28,300	(14,150)
Voluntary Action Shetland - Core	43,200	86,400	(43,200)
Voluntary Action Shetland - Market House	46,500	93,000	(46,500)
Sub Total Main Grant Scheme	4,161,000	8,320,300	(4,159,300)
<u>Small Grant Scheme</u>	51,819	100,000	(48,181)
<u>Main Grant Scheme Contingency</u>			
COPE	-	100,000	(100,000)
Shetland Amenity Trust	-	300,000	(300,000)
Shetland Arts Development Agency	-	300,000	(300,000)
Shetland Recreational Trust	-	600,000	(600,000)
Sub Total Contingency	-	1,300,000	(1,300,000)
Surplus Grants Refunded	-	-	-
Total	4,212,819	9,720,300	(4,207,481)

Shetland Charitable Trust
Management and Administration Expenditure
Period to 30 September 2021

	6 Month Actual £	Annual Budget £	Variance £
Basic Pay and Allowances	141,863	320,000	(178,137)
Professional Membership Fees	183	500	(317)
Staff recruitment	-	1,000	(1,000)
Travel and Subsistence	1,455	7,500	(6,045)
Training and Staff Development	916	8,800	(7,884)
Sub Total Staffing Costs	144,416	337,800	(193,384)
Operating Costs			
Insurance	13,212	11,500	1,712
Administration	2,595	4,100	(1,505)
Supplies and Services	1,858	6,400	(4,542)
Bank Charges	74	400	(326)
Professional Fees	3,795	20,000	(16,205)
External Audit Fees	21,511	20,000	1,511
Financial advice	17,000	30,000	(13,000)
Trustees Expenses	-	3,000	(3,000)
Meeting expenses	318	2,000	(1,682)
Legal Fees	-	50,000	(50,000)
Trustee Recruitment Costs	-	2,500	(2,500)
Sub Total Operating Costs	60,363	149,900	(89,537)
Property Costs			
Energy Costs	155	9,000	(8,845)
Water Rates	300	1,500	(1,200)
Building Maintenance	12,759	51,000	(38,241)
Cleaning	758	2,000	(1,242)
Sub Total Property Costs	13,972	63,500	(49,528)
Bad debt write off	-	-	-
Reduction in Bad Debt Provision	-	-	-
Bought In Services			
Treasury	19,920	20,000	(80)
Payroll	-	650	(650)
Building Maintenance	-	47,000	(47,000)
Committee Services	-	7,200	(7,200)
Computer Services	9,120	6,000	3,120
Messenger Service	-	450	(450)
Peninsula	1,117	2,500	(1,383)
Public Relations	1,600	15,000	(13,400)
Sub Total Bought In Services	31,757	98,800	(67,043)
Total	250,508	650,000	(399,492)

Shetland Charitable Trust
Investment expenses
Period to 30 September 2021

	<u>6 Month</u> Actual £	<u>Annual</u> Budget £	<u>Variance</u> £
Management Expenses	49,755	-	49,755
Black Rock fees	53,719	95,000	(41,281)
Northern trust fees	24,494	46,400	(21,906)
Insight investment fees	73,542	142,000	(68,458)
Schroders fees	54,893	131,000	(76,107)
Baillie Gifford fees	645,237	1,216,000	(570,763)
	<u>901,639</u>	<u>1,630,400</u>	<u>(728,761)</u>

REPORT

To: Shetland Charitable Trust

Date: 25 November 2021

From: Chief Executive

Report: CT2111029

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.

3. Present Position

- 3.1 As at 1 April 2021, there were four loans outstanding.
- 3.2 In the period 1 April 2021 to 12 November 2021, one organisation fully repaid their loan and three organisations made part repayments. A further two organisations have had applications approved and have drawn down their loans.
- 3.3 As at 12 November 2021, five loans remained active with £235,250 due to be repaid to the Trust.

3.4 Appendix A lists the outstanding loans as at 12 November 2021.

3.5 Covid-19 has had an impact on some of these projects and their timeline for repayment, due to work being put on hold during the pandemic. 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 Five loans remain active, with two new applications for bridging loans received and approved this financial year.

6. Recommendation

6.1 Trustees are asked to note this report.

Reference: D19

Report Number: CT2111029

Project	Project Costs £	Bridging Loan Approved £	Drawn Down to Date £	Repaid £ 2020/21	Due to SCT at 01/04/21 £	Repaid £ 2021/22	Due to SCT at 12/11/21 £	Notes
Loans approved 2019/20								
Sandwick Social & Economic Development	149,300	75,000	75,000	35,000	40,000	30,000	10,000	Extension requested
Hillswick Wildlife Sanctuary	428,100	366,000	366,000	-	366,000	279,210	86,790	Extension requested
Community Development Company of Nesting	211,377	175,985	175,985	125,985	50,000	25,000	25,000	Extension requested - Repayment expected Novmember 2022
Fetlar Community Association	140,000	120,784	120,784	-	120,784	120,784.00	-	Repaid June 2021
Loans approved 2021/22								
South Nesting Boating Club (SCIO)	66,000	53,460	53,460	-	-	-	53,460	Repayment expected May 2022
Legion Scotland Lerwick Branch	110,082	60,000	60,000	-	-	-	60,000	Repayment expected April 2022
TOTAL	1,104,859	851,229	851,229	160,985	576,784	454,994	235,250	

