



MINUTE

PUBLIC

Shetland Charitable Trust
Clickimin Leisure Complex, Lochside, Lerwick
Thursday 24 June 2010 at 11am

Present:

W H Manson	L Angus
L F Baisley	J Budge
A T J Cooper	A T Doull
A G L Duncan	E L Fullerton
F B Grains	C H J Miller
R C Nickerson	F A Robertson
G Robinson	J G Simpson
C L Smith	J W G Wills

Apologies:

A J Cluness	I J Hawkins
R S Henderson	J H Henry
A J Hughson	V Nicolson
J H Scott	

In Attendance (Officers):

A Black, General Manager - SCT
J Goddard, Financial Controller - SCT
M Anderson, Principal Officer - SCT
L Adamson, Committee Officer - SIC

Also:

A Priest, Viking Energy

Chairman:

W H Manson, Chairman of the Trust, presided.

Circular:

The circular calling the meeting was held as read.

Dr J Wills asked that Item 14 on the agenda "Viking Energy Limited – Budget Drawdown" should be taken in public. The Financial Controller explained that the report had been marked as confidential as it contains confidential information belonging to the Partnership, and Scottish and Southern Energy had not been asked whether information could be made public. However, he suggested that the matter could be considered in public without circulating the report, or it could be considered by adding the recommendation in Item 14 to the recommendation in Item 13 "Viking Energy – Progress Report". Dr Wills stated that he considered the

latter suggestion to be a reasonable compromise. Trustees agreed to this arrangement.

Declarations of Interest:

Mr W Manson declared an interest in the discussions relating to Viking Energy as a Director of Viking Energy.

Mr A Cooper declared an interest in the discussions relating to Viking Energy as a Director of Viking Energy.

Mr C Smith declared an interest in the discussions relating to Viking Energy.

Mr G Robinson declared a pecuniary interest in Item 2 "Shetland Development Trust Surplus – Application for Funding – Shetland Recreational Trust", as an employee of SRT; and an interest in the report, "SHEAP Ltd.", as a Director of SHEAP Ltd.

Dr J Wills declared an interest in Item 2 "Shetland Development Trust Surplus – Application for Funding – Shetland Recreational Trust", as a Member of Shetland Islands Council. He said that the Council through Services Committee budget, has statutory provision for schools, which would be affected if the recommendation in the report is approved.

Mr R Nickerson declared a non-pecuniary interest in the discussions relating to Viking Energy, and in the report "SHEAP Ltd.", as a Director of SHEAP Ltd.

Mr A Duncan declared a pecuniary interest in the discussions relating to Viking Energy, and in the report "SHEAP Ltd.", as a Director of SHEAP Ltd.

Mrs C Miller declared a non-pecuniary interest in discussions relating to Viking Energy. Mrs Miller said that she had been appointed as a Director of Viking Energy to work in the Trust's best interests.

Mr L Angus declared an interest in Item 3 "Market House – ICT Replacement" as a Director of VAS.

Minute:

The minute of the meeting held on 13 May 2010 was confirmed on the motion of Mr J G Simpson, seconded by Mr L Angus.

34/10 – Art Therapy Service

Dr J Wills requested that matters relating to this item be discussed when the meeting moves into private session.

36/10 Shetland Development Trust Surplus

Trustees noted a report by the General Manager (Appendix 1).

The General Manager briefly introduced the report.

Mr G Robinson advised that although he was happy to note the report, he commented that the grant of surplus had been picked up by the Council's Auditor and was to be granted to the Trust without stipulation of purpose and therefore there could be an inherent risk for future years.

(Mr G Robinson left the meeting).

37/10

Shetland Development Trust Surplus
Application for Funding – Shetland Recreational Trust

Trustees considered a report by the General Manager (Appendix 2).

Dr J Wills moved that the Trust should not approve a one-off grant of £400,000 to the Shetland Recreational Trust (SRT). Mr A Duncan seconded.

The General Manager explained that SRT had been expecting to operate with an additional £400,000 as this funding had originally been promised, and if removed at short notice SRT would possibly have to instigate job losses, and make cuts in services. She confirmed that the grant would be at no cost to the Trust, being from the funds gifted to the Trust by the Shetland Development Trust.

Mrs C Miller moved as an amendment, that the Trust approve the recommendations in the report. She said that it has to be borne in mind that SRT cannot rely on this money each year, and dialogue should take place between SCT, SIC and SRT to address this shortfall for future years. Ms L Baisley seconded.

(Mr W Manson declared a non-pecuniary interest as the Council's Spokesperson for Education. Mr Manson advised that he intended to take part in the debate).

Mr J Simpson said that he supported Mrs Miller's amendment. Mr Simpson advised that during his involvement with the Funded Bodies Review Group SRT had been very co-operative and significant cuts had been made.

In referring to Section 3.2 of the report, Mrs E Fullerton advised that SRT had embraced the requirements of the Trust to reduce expenditure. SRT had subsequently been let down by the Council and have approached the Trust as funder of last resort, and it is important that this situation is never repeated. She said that SRT have already cut back on services and she would not like to see further cuts being made. Mrs Fullerton added that she supported the recommendation in the report, but said the funding should be for one year only, and the Council will have to find funding for the services they are using.

(Mr R Nickerson advised of an interest as the Council's Culture Spokesperson).

During this address, Mr Nickerson advised that he had some concern with the Trust being regarded as the funder of last resort. He acknowledged that SRT provide important services, but said that in assisting SRT could have worrying consequences on the other Trusts that have been asked to make savings. Mr Nickerson said that should the Trust agree to grant this funding, it had to be a one-off payment and the Council needs to address the situation for future years.

The Chairman said that with the surplus funds received from the SDT, and assurances of future surplus being donated, the Trust could decide to offer the income to any charitable organisation, and he considered that the funding could be offered direct to SRT. He said that SRT has worked hard to reduce their budget and have made redundancies, and deserve a window of time to review its future. The Chairman confirmed that he supported the amendment to provide the one-off grant, but added that this support could not be offered in future years.

During this address, Mr L Angus said that there was a need for the Council to regularise and quantify the actual school usage of the leisure facilities. Mr Angus said that although many other organisations were experiencing similar difficulties there were no reason why the Trust could not make a donation directly to SRT. He added that SRT's difficult financial future must be addressed.

During the summing up, Dr J Wills outlined his concerns with the proposal that the Trust grant the shortfall in revenue funding to SRT, stating that it would only be a short-term fix for SRT, which would cause a long-term problem for the Trust with the Auditors and Audit Scotland. He said that the Council should address the funding shortfall. During his address, Dr Wills asked what proportion of the school use of the facilities were statutory for the Council and what proportion was non-statutory.

(Mrs E Fullerton gave notice of a further amendment).

Voting took place by a show of hands and the results was as follows:

Amendment (Mrs C Miller)	9
Motion (Dr J Wills)	2

Mrs Fullerton moved as an amendment, that Trustees defer making a decision until confirmation is provided on what percentage of services SRT provide is statutory and what proportion is non-statutory. In seconding, Dr Wills said that this would enable the Trust and the Council to remain clear on their relative responsibilities.

Mr Simpson advised that he would continue to support Mrs Miller's motion, as in deferring the decision today could create a huge problem for SRT.

During the summing up, Mrs Fullerton proposed that the Trust could reconvene when the information requested becomes available.

Voting took place by a show of hands and the results was as follows:

Amendment (Mrs E Fullerton)	8
Motion (Mrs C Miller)	5

(Mr G Robinson returned to the meeting).

38/10

Market House – ICT Replacement

Trustees considered a report by the Financial Controller (Appendix 3).

In introducing the report, the Financial Controller advised that he would recommend that the Trust approve 50% of the costs for the replacement of ICT equipment as was outlined in Section 7.1(a) of the report, however Section 7.1(b) sets out the option whereby Trustees could agree that the full cost of the funding is provided.

Mr C Smith said that VAS undertakes important work for the voluntary sector and was worthy of the Trust's support. Mr Smith moved that the Trust approve recommendation 7.1(b). Dr J Wills seconded.

In response to questions from Ms L Baisley, the Financial Controller explained that the recommendation from the Council's ICT service, who would provide the equipment and support under a Service Level Agreement, was that on whole it would be better if all the ICT equipment was upgraded at one time, however if only half the funding was approved this could result in only some of the equipment being replaced at this time and the other upgrades undertaken through a rolling programme.

Mr R Nickerson advised that he supported the motion, however he asked that Mr Smith consider including that future provision of ICT equipment should be a planned scheme for VAS to prevent the Trust being approached after a further five years to provide similar support. In receiving the consent of his seconder, Mr Smith agreed to include Mr Nickerson's suggestion into his motion. In response to a question, Mr Smith confirmed that his motion also included Recommendation 7.2.

Mr A Cooper advised that he supported the proposal to pay the full costs of the ICT upgrade, as in future years with the reduction in public sector funding there will be more need for the VAS to provide services to the community. In response to a question from Mr Cooper, the Financial Controller explained that the repayment of surplus and the underspend in the Planned Maintenance Programme (referred to in the next report) in 2009/10 related to two different budgets.

39/10 **Planned Maintenance Programme - Slippage**

Trustees considered a report by the General Manager (Appendix 4), and approved the recommendation contained therein, on the motion of Mr A Cooper, seconded by Mr F Robertson.

(Mr L Angus declared an interest in section 3 of the report as a Director of VAS).

Dr J Wills expressed his concern that the harling needed replaced and requested that some investigation be carried out regarding the quality control undertaken during the previous works.

40/10 **Independence at Home Scheme Repayment**

Trustees considered a report by the General Manager (Appendix 5), and approved the recommendation contained therein, on the motion of Mr L Angus, seconded by Mrs E Fullerton.

The Chairman suggested an addition to the motion, that unless there were any special circumstances which would merit a report to Trustees, authority could be given to officers to deal with similar requests under £1,000. In receiving the consent of his seconder, Mr L Angus agreed to include this suggestion into his motion.

41/10

Christmas Grants to Pensioners/Disabled Persons

Trustees considered a report by the General Manager (Appendix 6), and approved the recommendation contained therein, on the motion of Mr L Angus, seconded by Mr R Nickerson.

Mrs C Miller advised that she supported the recommendation in the report, but said there was a need for the qualification age for pensioners to be increased in stages from 60 years to 65/66.

In referring to Section 2.2 of the report, Dr J Wills said that Trustees should set an example to Government and retain the pensioner age at 60, and he considered the tax to be imposed by HM Revenue and Customs to be a scandalous tax on the disabled.

During the discussion, Mrs E Fullerton suggested that consideration should be given to increasing the pensioner age, and the age for men and women to qualify for the grant should be aligned. In response to a comment from the Chairman, the General Manager advised that any legal changes to the state pension would be reported to the Trust.

Mr R Nickerson moved that the name of the grant be changed to the "Fuel Poverty Grant", and Dr J Wills seconded.

During the discussion, some Trustees advised that they would agree to a change of the name for the grant, but questioned whether the title should be as specific as Fuel Poverty as this would exclude some people. Mr G Robinson commented that although the Christmas grant was a long running fuel poverty scheme, Shetland continues to have the highest level of fuel poverty, and he suggested that the money could be better used through a targeted grant scheme. Mrs C Miller said that as Shetland has the highest wind chill factor, she moved as an amendment that the grant should be named the "Winter Fuel Assistance Grant". However this did not receive a seconder.

(Mr F Robertson left the meeting).

During the discussion that followed, Trustees agreed that a full review of the grant scheme should be carried out before the end of the financial year, and the review would include proposals to change the name of the grant. In receiving the consent of his seconder, Mr Nickerson agreed to withdraw his motion.

42/10

Risk Management – Annual Review

Trustees considered a report by the General Manager (Appendix 7), and approved the recommendations contained therein, on the motion of Mr L Angus, seconded by Mr C Smith.

Trustees noted a typo on Page 13 of the Appendix, where 'moral' should read 'morale'.

In referring to the appendix, Mrs E Fullerton highlighted a number of examples of potential risks where the likelihood of occurrence had been considered unlikely and the severity of impact considered minor, however she said that should the situation actually occur the actual impact would be severe.

The Chairman advised that a number of Trustees had been involved in setting the evaluations on potential risks for the Trust, and that these were reviewed annually by Trustees, and quarterly by officers of the Trust. The General Manager advised that she took onboard Mrs Fullerton's comments, and said that Trustees were welcome to participate in the quarterly staff review process. Mrs Fullerton advised that she would discuss her concerns further with the General Manager.

During the discussion, Mr R Nickerson referred to the potential risk on page 2 of the Appendix namely, "Trustee body lacks relevant skills or commitment", and suggested that within two meeting cycles, a skills review of Trustees should be undertaken to decide whether the Trust possesses the appropriate skills. In receiving the consent of his seconder, Mr Angus agreed to include this suggestion into his motion.

Mr Angus went on to say that one potential major risk to the Trust would be the catastrophic failure of the stock market, and he would support investment in local assets. The Chairman advised that the Trust has recognised the need to move towards 50% of assets in less volatile markets and to look to invest in property, local markets and bonds.

(Mr R Nickerson left the meeting).

43/10 **General Administration – Complaints Procedure**

Trustees considered a report by the General Manager (Appendix 8).

The General Manager introduced the report.

Mrs E Fullerton moved that the Trust approve the recommendation in the report, but asked that a Section 7 be added to the Complaints Procedure to include that an annual report would be presented to Trustees on the number of complaints received, the action taken and how the matter had been resolved. Mrs C Miller seconded.

(Mr Nickerson returned to the meeting).

44/10 **Payments to Trustees in the Year to 31 March 2010**

Trustees noted a report by the Financial Controller (Appendix 9).

45/10 **Recommended Disbursements – Approvals**

Trustees noted a report by the General Manager (Appendix 10).

46/10 **Recommended Disbursements – Social Care**

Trustees noted a report by the General Manager (Appendix 11).

Fund Managers Transactions

Trustees noted a report by the Financial Controller (Appendix 12).

In response to a question from Dr J Wills, the Financial Controller advised that the Trust's shares, which would include the shares in BP, are invested to follow the UK and other stock markets.

In response to a question from Mr L Angus, the Financial Controller advised that Trustees had been content with the performance of the equity Fund Manager. He added that should the Viking Energy project proceed the Trust would have to consider whether an index tracker and indeed equity investment is in the best interest of the Trust at this time.

Viking Energy – Progress Report and Viking Energy Limited – Budget Drawdown

Trustees noted a report by the Financial Controller (Appendix 13). As had been agreed earlier in the meeting, Trustees withdrew the substantive information in the exempt report "Viking Energy Limited – Budget Drawdown", but considered the recommendation, "I recommend that Trustees agree the drawdown as it is required of the final £750,000 of the £3 million investment budget for buying shares in Viking Energy Limited" within the progress report.

(Mr C Smith and Mr A Duncan left the meeting).

(Mr A Cooper declared a non-pecuniary interest as a Director of Viking Energy, and left the meeting).

(Mr W Manson advised that as a Director of Viking Energy he had taken advice. He reported that it was appropriate for him to remain in the meeting as he had done previously).

(Mr R Nickerson and Mrs C Miller advised that they had declared their interests, earlier in the meeting).

The Financial Controller summarised the main terms of the report, and highlighted that the £800 million referred to in the report for the capital cost of the project was a working figure and would not be the precise cost of the project. The Financial Controller drew Trustees attention to Section 5.3 of the report, which outlined that banks were very keen to be involved in financing the project, and advised that the Trust may have to contribute up to £72 million towards capital costs.

(Dr J Wills declared an interest, as his son works for a SSE subsidiary, not involved in wind farms).

Dr J Wills moved that the Trust note the terms of the progress report, and approve the drawdown as it is required of the final £750,000 of the £3 million investment budget for buying shares in Viking Energy Limited.

(Mr J Simpson left the meeting).

Dr Wills asked for assurance that the £750,000 was part of the £3 million already agreed by the Trust to find out whether the project is

feasible. The Financial Controller advised that the £3 million was a discrete part of the project, and should the Trustees decide to go ahead with the bigger investment that would require clearance from the Inland Revenue.

Dr Wills outlined his concerns that should the project proceed there would be a temporary interruption to the Trust's income and disbursements.

(Mr J Simpson returned to the meeting).

In response to a question regarding the potential costs relating to the public enquiry and consents, Mr A Priest, Project Manager, Viking Energy, explained that the level of expenditure would depend on the nature of the public enquiry, whether it was to address the whole project or to focus on a specific aspect.

During the discussion, Mr J Simpson commented that the future investments from Capital would need careful consideration, and the Financial Controller agreed that the Trust's finances would need close management, and some nerve from Trustees.

Mr L Angus seconded.

In response to a question from Ms L Baisley as to whether there would be opportunities for individuals and local groups to purchase shares in Viking Energy Limited, the Chairman explained that should it be decided that the project could go ahead, Trustees could be asked to consider selling some of the shares. Mr G Robinson outlined his concern that selling shares could diminish local control of the project. The Chairman advised that selling any shares would be a decision for the owners of the company. In response to a question from Ms Baisley, the Financial Controller advised that the current owners of the shares could set specific conditions on the sale of any shares, which could include a requirement for proof of residency in Shetland.

During the discussion, Mr L Angus commented that it was important that OSCR were satisfied with the processes followed in all aspects of the Viking Energy project.

In response to comments from Mrs E Fullerton, the Financial Controller advised that he would envisage 8-15 banks being involved in the project, which could include the European Investment Bank, which if secured, could provide an attractive rate of interest.

During the discussion, the Chairman said that if he considered that the financial proposals as they stand were inadequate he would not be supporting the recommendation to draw down the remaining £750,000, however the prospect for returns were as good as had previously been predicted, and it was in the Trust's interest to complete the investigations and move the project forward to the consent stage. Mrs Miller advised that she agreed with the Chairman's comments, which she said were in the best interest of the Trust.

In response to a question from Mr R Nickerson, the Chairman advised that it was proposed that the addendum to the consent application would be submitted to Scottish Ministers was during July.
(Mr A Cooper and Mr C Smith returned to the meeting).

In order to prevent the disclosure of exempt information, Mr W Manson moved, Mr L Angus seconded, and the Trust resolved, in terms of the relevant Regulations, to exclude the public during consideration of the remaining items of business.

(The media and public left the meeting).