

Shetland Arts Development Agency
Board of Trustees Meeting
Thursday 27 June 2024 at 5.30pm
Venue: Mareel/Teams



Shetland *arts*

Item	Description	Report	Item taken by	Action
1	Welcome and apologies		Chair	Note
2	Declarations of interest		Chair	Note
3	Minutes 25 April 2024		Chair	Approval
4	Scrutiny 4.1 Management Accounts 4.2 Operational Issues 4.3 Performance Monitoring 4.4 Major Projects	Attached Attached Attached Attached	KL GH GH GH	Note Note Note Note
5	Governance 5.1 Policies 5.2 Strategic Risks 5.3 Annual Financial Statements – 31 March 2024	Attached Attached. Attached	KL GH KL	Approval Approval Approval
6	Strategy 6.1 Update from Stakeholders	Attached	GH	Note
7	General 7.1 Key Upcoming Events	Attached	GH	Note
8	Any other business None			
9	Future SADA Board Meetings: AGM Thursday 26 September 2024 – 5.30pm Board Meeting Thursday 26 September 2024 – 6.00pm		Chair	

The Board may decide that on grounds of confidentiality particular items should be considered in private. Any such items will be noted in separate “closed” minutes for approval at the next Board meeting



Supported by



Minutes of the Open Meeting of Shetland Arts Development Agency, Thursday 25 April 2024, held at 5.30 p.m. in Mareel

Present:

Susan Mail (SM), Chair, Shetland Arts
Hannah Hough (HH), Shetland Arts (via VC)
Malcolm Innes (MI), Shetland Arts
James Johnston (JJ), Shetland Arts
Michele Kerry (MK), Shetland Arts
Kerry Larbalestier (KL), Shetland Arts (via VC)
Jamie Manson (JM), Shetland Arts

In Attendance:

Graeme Howell (GH), Chief Executive, Shetland Arts
Kerry Llewellyn (KLL), Support Lead, Shetland Arts
Irene Hambleton (IH), RSM
Catrina Carter (CC), minute taker

Apologies:

Chris Gadsby (CG), Shetland Arts

Item	Topic	Action
1	Welcome and Apologies The chair welcomed everyone to the meeting. Apologies noted from CG.	
2	Declarations of Interest None	
3	Minutes of Meeting held on 28 March 2024 Approved on the motion of JM, seconded by KL	
4.1	Management Accounts to end February 2024 Noted	
4.2	Operational Issues Nothing to report	
4.3	Performance Monitoring Year-end figures noted. Underdelivered on Concerts, Screenings, Exhibitions Days, mainly due to the closure of Bonhoga in September 2023, but overdelivered on Attendances. May still be some minor adjustments to be made.	
4.4	Major Projects Noted	

	<p><u>Culture Collective</u> – another £35K secured to be split between partners.</p> <p><u>Changing Places</u> – Building Warrant received. Hope to go out to tender following month. Timeline to be circulated for information.</p> <p><u>Music Policy Resilience Lab</u> – Report will be circulated to Board for information. Complete.</p>	GH
5.1	<p>Policies</p> <p><u>Pay and Pensions</u> – HH noted that pay increases were mentioned under two different headings and wondered if one happened, whether the other did too. KLL explained that one was an annual uplift for all staff and the other was performance related. The policy will be updated to make this clear and brought back to the next board meeting.</p> <p><u>Conflicts of Interest</u> – New section “Policy in Practice” – GH had included this section, with input from the management team, as it was felt that staff/trustees were often creatives in their own right and this should precluded them from receiving support. Unanimously approved.</p> <p><u>Capability</u> – Unanimously approved.</p> <p>KLL advised she was awaiting input on the Menopause and Flexible Working policies from WorkNest and would report back on timescales for updating this.</p>	<p>KLL</p> <p>KLL</p>
5.2	<p>Strategic Risks</p> <p><u>Loss of public/stakeholder confidence/trust</u> – there was some discussion about the Frequency and Revised Severity scoring, and the fact that public and stakeholder confidence/trust could be independent from one another. To be brought back to the next Board meeting following input from management team.</p>	GH
5.3	<p>Trustee Recruitment</p> <p>KL appointed for a second term.</p>	
6.1	<p>Update from Stakeholders</p> <p>None</p>	
7.1	<p>Key Upcoming Events</p> <p>Noted</p>	
8	<p>Any Other Business</p> <p>None</p>	

9	Date of Next Meeting 5.30 p.m. Thursday 27 June 2024	
---	--	--

4.1 Management Accounts

1 Month to April 2024

Profit and Loss Accounts



Shetland*arts*

	Actual £	Reforecast £	Variance £
<u>Income</u>			
Ticket Sales	19,433	32,257	- 12,824
Education and training income	9,860	7,433	2,427
Retail income	1,452	2,603	- 1,151
Food and beverage income	30,951	25,000	5,951
Foyer income	6,398	7,333	- 935
Box office commission income	1,649	4,125	- 2,476
Gallery commission income	-	-	-
Hire of rooms and equipment income	8,700	5,624	3,076
Screen advertising income	878	1,250	- 372
Gift Vouchers	- 44	-	- 44
Sponsorship income	-	-	-
Donations received	-	128	- 128
Grant Funding - Capital	-	-	-
Grant Funding - SIC	-	1,799	- 1,799
Grant Funding - SCT	62,700	62,700	-
Grant Funding - Creative Scotland	55,833	21,945	33,889
Other Grants - Trusts and foundations	940	1,648	- 708
Operating lease income - SIC	11,038	7,500	3,538
Other income	4,665	5,829	- 1,164
Memberships received	821	-	821
Interest received	1,680	-	1,680
	<u>216,956</u>	<u>187,175</u>	<u>29,781</u>
<u>Purchases</u>			
Food and beverage purchases	18,677	12,500	- 6,177
Foyer purchases	5,956	3,813	- 2,142
Retail purchases	845	1,420	575
Direct costs	-	-	-
	<u>25,478</u>	<u>17,733</u>	<u>- 7,745</u>

Direct Costs

Gross wages and salaries - regular	60,105	63,030		2,926
Gross wages - casual	17,813	10,573	-	7,240
Employers NI	6,223	5,657	-	566
Employers pension	12,949	13,686		737
Recruitment expenses	30	250		220
Employee/Trustee expenses	-	83		83
Training and protective clothing	610	1,125		515
Programme costs - project	19,948	18,143	-	1,804
Marketing costs - project	558	1,521		963
Licences - PRS etc	4,141	4,731		590
Film transport	-	167		167
Hire of equipment	-	13		13
	<u>122,376</u>	<u>118,979</u>	<u>-</u>	<u>3,397</u>

Overheads

Travel and subsistence and Entertainment	1,803	1,510	-	293
Rent, Rates and Insurance	7,618	6,643	-	974
Heat and Light	11,254	12,414		1,160
Operating leases - Rent and Equipment	18,348	9,181	-	9,166
Repairs and maintenance and cleaning	9,368	10,955		1,587
Print, postage and stationary	33	383		350
Telephone and broadband	491	718		227
Computer costs	1,362	2,260		898
Marketing costs - strategic	470	21	-	449
Website costs	65	208		144
Subscriptions	615	138	-	477
Consumables	-	631		631
Sundry	-	-		-
Legal and professional fees	5,614	3,965	-	1,649
Till differences	18	-	-	18
Bank charges	1,477	1,639		162
Loan interest	572	500	-	72
	<u>59,106</u>	<u>51,165</u>	<u>-</u>	<u>7,940</u>
SURPLUS/DEFICIT	<u>9,996</u>	<u>- 703</u>		<u>10,699</u>

1 Month to April 2024

Balance Sheet



Shetlandarts

	£	£
Tangible Fixed Assets		7,456,469
<i>Current Assets</i>		
Stock	19,150	
Debtors	612,814	
Cash at Bank	701,913	
	<u>1,333,877</u>	
<i>Current Liabilities</i>		
Creditors	<u>657,446</u>	
Net Current Assets		676,431
<i>Long term liabilities</i>		
Loans	38,291	
Pensions liability	<u>(1,010,000)</u>	
		(971,709)
Net Assets		<u><u>9,104,609</u></u>
Capital and Reserves:		
Capital funds		7,467,883
Revenue funds		626,726
Pension liability		<u>1,010,000</u>
		<u><u>9,104,609</u></u>

1 Month to April 2024

Movement on Selected Funds



Shetland*arts*

Fund Name	Opening Balance	Income	Expenditure	Closing Balance
Shetland Film Club	1,705			1,705
SCT Capital Grant	43,400			43,400
Trad Big Band	2,435			2,435
Culture Collective	27,630	35,000		62,630
Recovery fund for Cultural Organisations	142,470			142,470
Corra Foundation	4,146			4,146
Xchange	5,288	-	1,120	4,169
Summer of Play	2,972			2,972
Remembering Together	90,720	-	7,500	83,220
VACMA	4,785			4,785
Total	325,552	35,000	- 8,620	351,932

4.2 Operational Issues

June 2024



INTRODUCTION

This report details the following

- Operational Issues
- Health and Safety Issues

OPERATIONAL ISSUES

Date	Issue	Staff Involved	Outcome
N/A			

HEALTH AND SAFETY ISSUES

Date	Issue	Staff Involved	Outcome
N/A			

4.3 Performance Monitoring

June 2024

INTRODUCTION

This report details the following

- Key Performance Indicators

KEY PERFORMANCE INDICATORS

Formal Education Delivery	Applied to study at Mareel 23/24		Taught Across the Network 23/24
	Full Time	Part Time	
Skills for Work	-	40	-
Senior Phase	-	8	-
NC/HNC	12	3	-
Degree	1	2	13
Masters	-	-	14 (semester 2)

Final 2023-24 KPIs

Actuals	Concerts, Screenings and Exhibition Days	Attendances	Development Sessions	Participations
Delivered	3,513	209,664	1,496	10,347
Target	4,000	180,000	1,400	14,000
% of Target Delivered	88%	116%	107%	74%
Impact	Concerts, Screenings and Exhibition Days	Attendances	Development Sessions	Participations
Improved quality of life through greater access to creative and social experiences	3,105	178,237	56	821
Improved opportunities through personal and professional transferrable skills	465	40,455	1,168	6,427
Improved confidence to contribute positively through opportunities for self-expression and community involvement	215	12,687	1168	7,015
Improved feeling of inclusion and equality through greater understanding of other cultures and lifestyles	282	7,561	19	155
Improved mental and physical health through more active involvement in creative and social experiences	2,122	77,052	155	1,594
Improved community resilience through a more diverse creative economy	822	100,094	300	2,984

1: Attendances are the number of people who attend concerts, screenings or exhibitions. Participations are the number of times people take part in development sessions

2: Our activity is planned and measured against the 'Social Outcomes' (SOs) listed under the Impact heading - each event, session or project has two priority SO, and the table above cumulatively captures these priority SOs

4.4 Major Projects

June 2024



INTRODUCTION

This report details the following

- Significant projects completed
- Updates on short term projects
- Listing of medium and long term projects

SIGNIFICANT PROJECTS COMPLETED

Date	Title	Intention	Outcome
24/4/24	Creative Scotland MYF Stage 2 Application	To secure funding for 25 -28	Application Submitted

UPDATES ON ONGOING PROJECTS

Title	Intention	Update
Culture Collective. CS funded.	Support creative practitioners to deliver wellbeing projects in Shetland, Orkney and Western Isles through small grants.	Lobbying post about to be advertised.
Islands Deal Knab Project Strand	To support the development of the Cultural Hub	Been asked to present an update at the next Shetland Islands Programme Board
Remembering Together	To deliver phase 2 of the National Covid Memorial project.	First exhibitions underway, Flag flown, on going discussions underway over requested change to MOU by Greenspaces Scotland.
SCT Capital Grant Scheme – Mareel	Implementation of Capital Grant Works under the SCT scheme. Work will take three years.	Advert for expressions of interest to tender for Changing Places toilet to go out in coming weeks.
SCT Capital Grant Scheme - Bonhoga	Implementation of Capital Grant Works under the SCT scheme. Work will take three years.	Received 2 notifications of interest in tendering for the works.

		A stage 1 application to the Coastal Communities Fund for £100,000 was made and we have been asked to submit a stage 2 application.
Accessibility & Inclusion Group	Establish a forum through which people with lived experience can inform Shetland Arts on accessibility & inclusion issues	Previously identified issues continue to be addressed. No formal meetings with external stakeholders have been held in this reporting period.
Music Policy Resilience Lab	International policy development project for music in remote locations. 11 international partners.	Launch date to be agreed. Phase two being launched.
Health & Safety Review	To improve quality of operational Health and Safety information as well as accessibility for staff.	Following WorkNest visit staff are working on implementing recommendations. Two new policies for approval at this board meeting as part of this.
VACMA	Small grants for Visual Arts and Craft Makers	23-24 completed.
Travel Know How Scotland	Travel Planning for Staff, Suppliers and Customers	Travel Knowhow Scotland preparing a guide for artists and freelancers which we will publish on our website

SIGNIFICANT PROJECTS PLANNED

Medium = 3 Months - 1 Year; Long = 1 Year +

Medium/Long Term	Title	Intention
Medium	Creative Scotland Place Partnership	To successfully apply and deliver a Place Partnership.
Medium	Prepare application to Shetland Charitable Trust	To secure funding for 25 - 30

5.1 Policies

June 2024



INTRODUCTION

This report details the following

- Policies for Approval
- Policy Register

POLICIES FOR APPROVAL

Policy Name	Appendix	Changes
Pay and Pensions	1	Clarified pay increase sections as requested by Trustees.
Fire	2	New policy – developed by WorkNest (Please note Jonathan is still the named individual for responsibilities as he is still an employee, provisions are in place to cover this while he is on career break)
Stress	3	New policy – developed by WorkNest

POLICY REGISTER

Policy Name	Date for Review	Notes
Disciplinary	24/02/2024	Delayed to June 2024
Capability	25/04/2027	
Volunteering	24/02/2024	Delayed to August 2024
Appraisal	24/02/2024	Delayed to June 2024
Pay and Pension	27/04/2024	Attached as Appendix 1, any changes noted above.
Health, Safety and Welfare	27/04/2024	Delayed to August 2024 to allow new Fire Policy to be approved in June.
Conflicts of Interest	25/04/2026	
Anti- Harassment, Bullying and Victimisation	28/04/2024	Delayed to August 2024
Communications	28/04/2024	Delayed to August 2024

Menopause	29/04/2024	Delayed to October 2024
Whistleblowing	30/06/2024	Delayed to October 2024
Social Media	25/08/2024	
Environmental	02/11/2024	
Children, Young and Vulnerable Adults	03/11/2024	
Smoke Free	03/11/2024	
Sick Pay	16/12/2024	
Adoption, Maternity and Paternity	16/12/2024	
Equality, Inclusion and Diversity	21/12/2024	
Training and Trips	24/02/2025	
Recruitment	24/04/2025	
Expenses	30/06/2025	
Alcohol and Drugs	30/06/2025	
Data Protection	02/11/2025	
Procurement Policy	03/11/2025	
Statutory Right to Time Off	16/12/2025	
Absence Management	16/12/2025	
Flexible Working	27/04/2026	Update expected June 2024 due to changes in legislation.
Time off for Dependents	27/04/2026	
Relocation	28/06/2026	
Fire	New	Attached as Appendix 2
Stress	New	Attached as Appendix 3
Portable IT	In development	
Lone Working	In development	
Breastfeeding	In development	
Children in the Workplace	In development	

Appendix 1 -Pay and Pensions Policy

Purpose

This policy and the pay structure outlined below are intended to provide fairness and transparency with regard to how Shetland Arts manages employees' basic pay and pay reviews. It also sets out details of pension entitlement.

Scope

This policy and the pay structure applies to all trustees, employees and to the following casual positions:

- Customer Service Supervisor
- Technician
- Lecturer

For all other casual positions a spot rate is applied. Spot rates are set annually taking into account market rates, job evaluation scores and the pay range for the grade the role sits within. Occasionally this spot rate will sit above the pay range for the grade, but this will only be the case where the job market requires a higher salary to be paid and this can be evidenced and justified.

The pay structure applies to all employees regardless of age, sex, marital or civil partner status, pregnancy or maternity, sexual orientation, gender reassignment, race, religion or belief, or disability.

Introduction

At Shetland Arts we aim to be fair, transparent and consistent about how we pay our employees and so in 2017 we conducted a pay review. The result was that we developed and introduced a pay structure that promotes pay progression and ensures that high performance is rewarded.

All jobs that are covered by the new structure were assessed by the job evaluation committee using the Croner job evaluation scheme. Jobs were then grouped together into grades and, where appropriate, research was undertaken to establish the market rates grades. This enabled us to set pay ranges at levels that are both affordable and competitive. Jobs are allocated to one of six grades and each grade has a pay range. Where you sit in the pay range is dependent upon your salary rate pre-review and your performance.

Trustee Pay Procedures

Trustees do not receive remuneration for their role. They may claim any reasonable expenses incurred in the fulfilment of the role.

Staff Pay Procedures and Progression

Annual Cost of Living Uplift

Each year the CEO and will consider whether to make an annual pay award to the staff body as a whole. Considerations will take into account minimum wage or National Living Wage increases, Shetland Arts' performance and other factors such as the economic and industry climate and Shetland Arts' strategy. The annual pay award, if given, will normally be applied in April each year.

The Remuneration Committee of the Board of Trustees will meet annually to consider any pay award to be made to the CEO which is then approved by the board as a whole.

Performance Related Pay Increases

In addition to any annual cost of living increase an employee may also be eligible for a performance related pay increase. Employee performance will be reviewed annually at the end of year at an appraisal. At appraisal a performance rating will be agreed. At the end of year, the CEO will determine whether there are available funds to offer pay increases across Shetland Arts. If there are, these funds will be distributed according to performance ratings, for example:

- High performers would see a 3% increase in pay
- Regular performers would see a 1% increase in pay
- Poor performers would see no increase in pay.

Where an employee has reached the top of the pay range for their grade they would not see a percentage increase however, regardless of their rating. Where a high percentage of employees sit at the top of their grade in a particular grade, a job market benchmarking exercise may take place to establish whether the salary range for the grade should be adjusted.

Pension Entitlement

All employees and workers of Shetland Arts have the opportunity to be involved in a pension scheme depending on how they are engaged by Shetland Arts.

Contracted Employees

All contracted employees automatically become members of the Shetland Local Government Pension Scheme. The contribution rates for this are set by the pension body and staff will be notified of the rate at the time of employment and of any changes.

Casual staff

All casual staff are offered membership of the NEST pension scheme at the time they start their work for SADA. Staff will only be automatically entered into this scheme if they reach the pay levels required for auto enrolment.

Annual Pay Uplift

Each year the CEO and will consider whether to make an annual pay award to the staff body as a whole. Considerations will take into account minimum wage or National Living Wage increases, Shetland Arts' performance and other factors such as the economic and industry climate and Shetland Arts' strategy. The annual pay award, if given, will normally be applied in April each year.

The Remuneration Committee of the Board of Trustees will meet annually to consider any pay award to be made to the CEO which is then approved by the board as a whole.

New employees

New employees will normally enter the structure at the bottom of the pay range. Only when relevant experience, skill or knowledge can be demonstrated and documented will employees enter the structure at a higher level.

Pay Structure

Grade	Pay Range	Roles within grade
6	£67,015 - £75,631	Chief Executive
5	£40,216 - £50,549	Support – Leadership Team Production & Facilities – Leadership Team Education and Outreach – Leadership Team Commissioning – Leadership Team Sales and Communications – Leadership Team
4	£30,360 - £36,633	Creative Project Manager Operations Manager Education Manager Admin Manager Finance Manager Production Manager
3	£26,918 - £31,883	Studio Technician Customer Service Supervisor Lecturer Marketing & Communications Officer Technician Finance Officer Admin Officer Cinema Technician Crowd Safety Assistants
2	£23,429 - £28,445	Finance Assistant - Income Retail Assistant Junior Technician
1	Living Wage £23,088	Customer Services Assistant Maintenance Technician Marketing Assistant Cleaner

Appendix 2 – Fire Policy

FIRE SAFETY MANAGEMENT

STATEMENT OF INTENT

Shetland Arts Development Agency believes that ensuring the health and safety of staff, visitors, service users and all relevant persons is essential to our success.

We are committed to:

1. Preventing accidents and work related ill health.
2. Compliance with statutory requirements as a minimum.
3. Assessing and controlling the risks that arise from our work activities.
4. Providing a safe and healthy working and learning environment.
5. Ensuring safe working methods and providing safe working equipment.
6. Providing effective information, instruction and training.
7. Consulting with employees and their representatives on health and safety matters.
8. Monitoring and reviewing our systems and prevention measures to ensure their effectiveness.
9. Setting targets and objectives to develop a culture of continuous improvement.
10. Ensuring adequate welfare facilities exist throughout the department.
11. Ensuring adequate resources are made available for health and safety issues, so far as is reasonably practicable.

A Fire Safety Management System will be created to ensure the above commitments can be met. Employees throughout the department must play their part in the creation of a safe and healthy working environment for all.

Signed: _____
Executive Officer

Date: _____ Chief

Appendix 2 – Fire Policy

1 INTRODUCTION AND SCOPE

- 1.1 Fire is a hazard in any part of the premises. Its consequences include the threat to the lives or health and safety of relevant persons, damage to or loss of property and severe interruption to normal business activities or opportunities.
- 1.2 Managing the risk of fire demands fire safety precautions based on a combination of appropriate prevention and protection measures depending upon building use and occupancy, the inherent fire risks and the legal obligations laid on **Shetland Arts Development Agency** as the employer, occupier / owner or '*responsible person*'.
- 1.3 This fire safety management and fire emergency plan applies to all premises which are to any extent under the control of **Shetland Arts Development Agency** as the employer, owner or principal occupier. Its requirements extend to all persons at those premises including staff, visitors and contractors whether permanently or temporarily engaged.
- 1.4 Where premises are jointly occupied or shares control of premises with other employers then the arrangements for fire safety and maintenance will be coordinated, communicated and documented. In these premises the fire safety arrangements and procedures of the principal or host occupier shall apply or local variations agreed by all relevant parties and relevant persons.
- 1.5 This fire safety management and fire emergency plan applies to all other staff working in premises employed by any other employer. In this respect other staff will comply with these relevant fire safety arrangements and policy.
- 1.6 **Shetland Arts Development Agency** will, so far as is reasonably practicable, and in accordance with legal obligations and standards, in respect of every premises to:
 - provide and maintain passive and active fire prevention, protection and measures according to the purpose or use of the building, the numbers of occupants and the activities or processes undertaken therein;
 - provide comprehensible and relevant information to staff and others, through the provision and availability of emergency instructions or fire safety plans and the risks identified by relevant risk assessments;
 - provide a programme of fire safety training;
 - carry out and keep under review a fire risk assessment to analyse building and process fire risks, the existing preventive and protective measures and to identify areas for improvement;
 - have in place a programme of works to improve or maintain the existing fire safety specifications;
 - identify a sufficient number of persons, whether staff, security or others, to be present at all times the building is occupied with responsibility for initiating the fire evacuation procedure and provide information and assistance to the fire service;

2 PRACTICAL FIRE SAFETY ARRANGEMENTS

- 2.1 As part of a holistic fire safety management system, in addition to the management action outlined below, considerations of passive and active fire precautions are essential.

Appendix 2 – Fire Policy

- 2.2 Passive fire precautions are concerned with the physical conditions in premises which are designed to facilitate containment of fire by design, construction and layout, effective communication and safe evacuation. In particular the:
- materials specification, design, construction and inspection of buildings, fire doors and escape routes taking into account the needs of pupils, service users, people with disabilities, contractors, the public, etc;
 - appropriate safe and secure location of building services e.g. gas and electricity;
 - provision of clear fire safety signage for escape routes and final exits in conformity with the Health and Safety (Safety Signs and Signals) Regulations 1996 and Disability Discrimination Act 1995;
 - provision of prominently located fire action notices (e.g. by fire alarm manual break glass points) to inform people of the action to be taken in the event of fire; and
 - education and training of staff in fire safety arrangements, in particular evacuation procedures and drills.
- 2.3 Active fire precautions are those features of the fire safety management system that detect and operate in the event of a fire, including fire alarm systems, emergency lighting systems and fire fighting equipment. In particular:
- the installation, maintenance, inspection and weekly testing of fire alarms;
 - the appropriate design, location, operation, monthly inspection and annual testing of adequate (emergency) lighting systems for fire escape routes;
 - the provision, use, appropriate type and location, and annual maintenance of portable fire extinguishers.
 - A quarterly / six monthly / annual premises fire safety inspection will be carried.
- 2.4 The fire safety arrangements will be based on HSG 65 *Successful Health and Safety Management* and the Fire Safety Management Plan Strategy (see Appendix 1). The main strands of the strategy involves: -
- Effective planning, organisation, control, monitoring and review of protective and preventative measures
 - Fire safety risk assessments and building audits
 - Fire safety systems and maintenance
 - Fire warden and staff training
 - Fire evacuation drills
 - Building design, alterations and commissioning

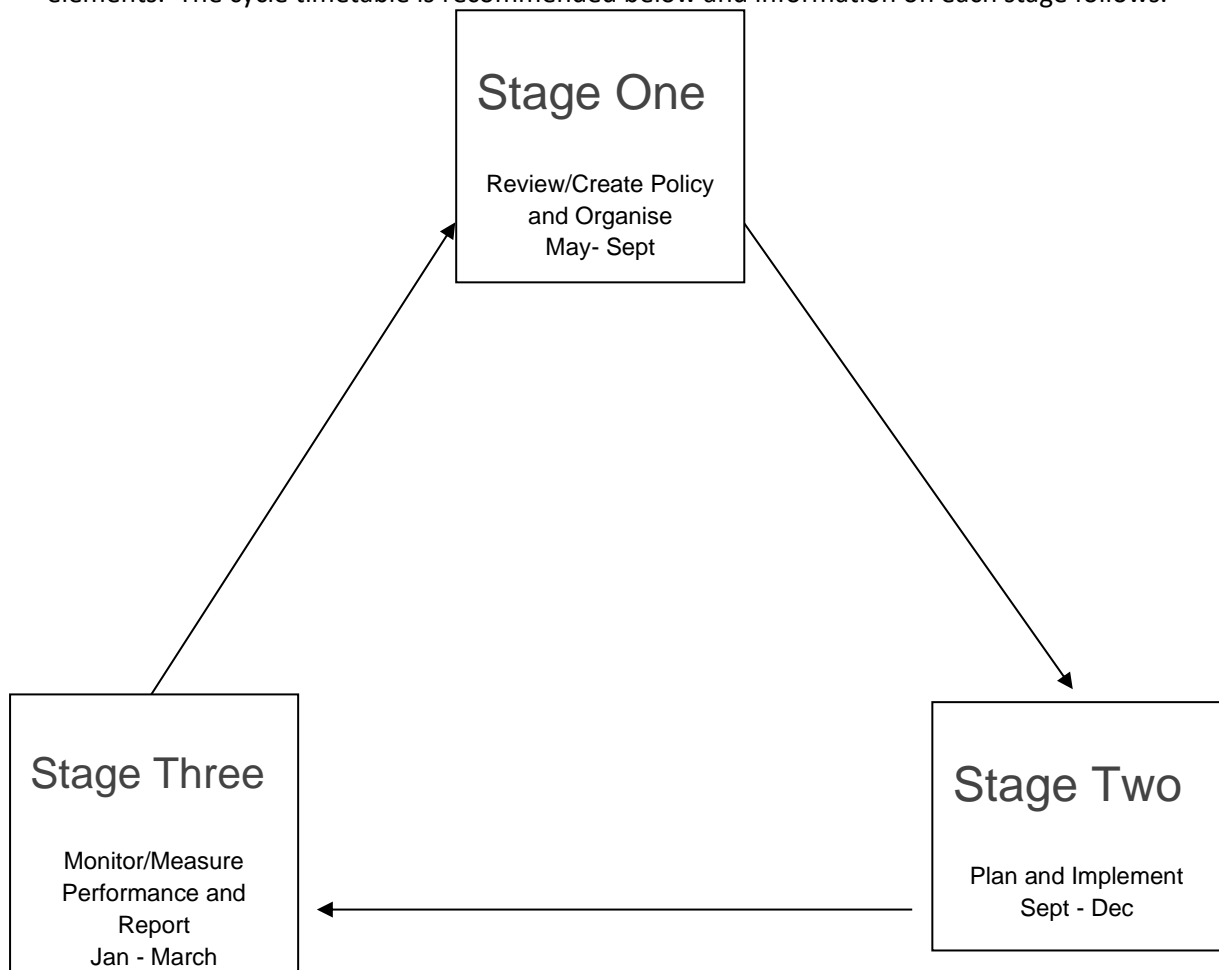
Appendix 2 – Fire Policy

3 PLANNING

- 3.1 Fire risk assessments are a requirement of the Regulatory Reform (Fire Safety) Order and are a structured approach to determining the risk of fire occurring in a premises or from a work activity, and identifying the precautions necessary to eliminate, reduce or manage the risk. The outcome of the risk assessment must be incorporated in the fire emergency plan (see Section 7).
- 3.2 Fire Risk Assessments must be carried and reviewed regularly out (recommended to be annually) or when there is any building alteration or change of occupation and use of the premises, or following a fire incident/emergency, etc.
- 3.3 The risk evaluation and appropriate control measures to be taken into account will include those practical fire safety arrangements outlined above. The methodology adopted will be:
- | | | |
|--------------------|---|--|
| High Risk | = | Work to be completed within 4 to 8 weeks |
| Medium Risk | = | Work to be completed within 6 months |
| Low Risk | = | Work to be completed within 1 year |
- 3.4 Risk assessments must take into account those who could be affected, e.g. numbers involved, their location, physical and mental capabilities and employees of organizations with whom a workplace is shared. The significant findings of the fire safety risk assessment will be made known to all other responsible persons as appropriate.
- 3.5 Where appropriate, an individual Personal Emergency Evacuation Plan (PEEP) must be developed for staff, pupils or service users who have known disabilities that will impact on their ability to evacuate the particular premises.
- 3.6 Maintenance of fire safety systems falls under the umbrella of the Fire Maintenance Contract. The provisions of the contract ensure maintenance on fire systems and equipment is carried out in compliance with the Regulatory Reform (Fire Safety) Order 2005 and Approved Codes of Practice and other associated legislation. The contract will ensure that Fire Maintenance Contractors are fully inducted for safe work practices and are fully qualified to carry out maintenance on fire safety systems and will include: -
- Fire detection and warning system
 - Emergency lighting
 - Fire fighting facilities
 - Emergency routes and exits
 - Fire safety signs and notices
 - Portable electrical appliances (PAT) and premises installation testing (5 yearly)
- 3.7 The fire safety maintenance programme will follow the guidelines suggested in HM Government Fire Safety Risk Assessment guidance and can be found in Appendix 2.
- 3.8 Fire Warden and staff training is provided. The course is delivered by a qualified competent person. It is the responsibility of all Fire Wardens to attend one refresher training annually on one of the dates available. A sample fire safety training programme and staff training record can be found in Appendix 3 and 4 respectively.

Appendix 2 – Fire Policy

- 3.9 Fire evacuation exercises will be carried out 6 monthly. The purpose of these exercises is to educate premises occupants in the correct manner of evacuating a building in the event of an emergency situation and to meet legal obligations. All evacuations will be conducted by the Fire Wardens under the guidance of a senior member of the management team. Pre and post debriefing sessions will accompany each evacuation drill.
- 3.10 Provisions will be made for the safe evacuation of disabled people.
- 3.11 Fire evacuation of a building will be in accordance with established procedures in the fire emergency plan (Section 7). In the event of a fire alarm outside of normal business hours, building occupants are to evacuate the building. All staff, visitors and contractors will be made aware of the fire procedures.
- 3.12 All building design work shall comply with relevant codes and standards. New building works and refurbishment projects that include fire safety equipment and systems will be sanctioned prior to any work being carried out by the Chief Executive / Managing Director
- 3.13 Testing of building passive and active fire evacuation systems are to be conducted by **TYCO** at agreed appropriate times during normal hours and in line with current British or European test standards. All building fire wardens will be trained in the use of the evacuation system and operate from pro-forma instructions based on Section 7.
- 3.14 A fire safety log book will be kept to record the details of all tests on passive and active preventative and protective measures, as well as training and fire drills.
- 3.15 To help make it manageable throughout the year an annual management cycle reflecting these elements. The cycle timetable is recommended below and information on each stage follows.



Appendix 2 – Fire Policy

4 ORGANISATION AND CONTROL

4.1 Specific named individual responsibility for overall responsibility for Fire Safety, maintenance, Emergency Plans and Staff Training can be found in Appendix 5

4.2 Chief Executive Officer will:

- ensure that this Policy and/or any departmental fire safety policies/codes of practice that complement this Policy are in place, properly implemented and reviewed.
- ensure that a Responsible Person is appointed for all of their premises to oversee and implement fire safety arrangements, and ensure that they are competent and appropriately trained to undertake their duties;
- ensure that arrangements are in place for the completion of fire risk assessments, including, where appropriate, technical surveys in respect of fire protection;
- ensure that fire, security, and health and safety arrangements at each premises are complementary.

4.3 Managers / Department Managers with responsibility for premises or parts of premises will:

- ensure that fire risk assessments are carried out for all their workplaces
- ensure, in conjunction with the outcome of the fire risk assessment that the optimum number and type of fire extinguishers are installed in appropriate locations;
- ensure that fire alarm and detection systems, emergency lighting and fire extinguishers are appropriately located and properly maintained;
- ensure that a robust and effective emergency plan is in place at each location to safely evacuate all persons, whether employees, visitors or contractors. This emergency plan must take into account people with mobility, some sensory and some learning impairments, including those with temporary impairments, which will affect their ability to use stairs or otherwise evacuate premises promptly. the plan must be internally deliverable and not reliant on the Fire and Rescue Service to complete the evacuation;
- arrange for the emergency plan to be issued to their employees, visitors, etc. to inform them what to do in the event of fire, particularly safe evacuation;
- arrange for a competent responsible person (who may also be the premises coordinator) to be nominated to oversee and implement fire safety arrangements at their workplace(s) on their behalf;
- ensure that if there is any doubt about the provision of new or replacement fire extinguishers;
- ensure that staff are appropriately trained in fire safety procedures to reflect the requirements of the fire risk assessment;
- ensure that a copy of the current fire risk assessment for their premises is readily accessible, its provisions complied with;
- ensure that fire risk assessments are reviewed at least annually or whenever there is any building alteration, change of occupation or use of the premises or following an incident involving fire;

Appendix 2 – Fire Policy

- ensure that effective arrangements are in place for contacting the emergency services;
- ensure that the Fire and Rescue Service are aware of any significant hazards associated with the premises e.g. oxygen cylinders, storage of petrol, etc;
- confirm that their quarterly premises fire safety inspections address fire safety arrangements; and

4.4 The Competent Persons (who must be competent to carry out this role) must:

- assist and support with the preparation and review (at least annually) of fire safety risk assessments;
- ensure compliance with the outcomes of the Fire Risk Assessment and that the necessary control measures are implemented;
- prepare and review the emergency plan issued to all staff;
- ensure information on fire safety arrangements is available to service users and visitors;
- ensure all staff and, where appropriate, contractors are instructed in the emergency plan.
- arrange and review fire drills at a frequency of not less than six months;
- specify and rehearse the arrangements for assisting visitors, disabled people or those with temporary physical impairments to safely evacuate the premises. Where appropriate, a PEEP must be developed;
- ensure Fire Alarms are regularly tested at the recommended frequency e.g. weekly;
- monitor that fire alarm systems, detection devices, emergency lighting and fire extinguishers are appropriately and regularly maintained;
- keep the fire log book or equivalent up to date;
- ensure that fire action notices (displayed as a minimum at fire alarm call points) and fire signage are appropriate and kept up to date;
- ensure all escape routes are kept clear of obstructions and that access to fire extinguishers and fire alarms is not impeded;
- ensure that the annual testing of portable electrical equipment and periodic testing (5 yearly) of the fixed electrical installations has been carried out, and
- ensure that quarterly fire safety inspections of the premises are carried out and that these address fire safety arrangements.

4.5 Employees must:

- ensure they are familiar with the emergency plan for their workplace and co-operate by participating in fire evacuation/drill procedures and by observing practical fire safety arrangements;

Appendix 2 – Fire Policy

- know, and co-operate with, the responsible person for their workplace;
- report to their manager or supervisor any concerns about fire safety;
- be familiar with all escape routes;
- not wedge fire doors open, nor block or obstruct them;
- be aware of the action to be taken on discovering a fire, hearing a fire alarm, for raising the alarm (including the location of fire alarm call points) and calling the fire and rescue service;
- promptly evacuate the premises, in accordance with the emergency plan, to a place of safety without putting themselves and others at risk, and NOT attempt to extinguish a fire unless they have been specifically trained; and
- comply with the No Smoking legislation.

5 MONITORING

5.1 The following Key Performance Indicators will be used to monitor the effectiveness of the Fire Safety Management Plan: -

- i. Number of fires recorded annually / number of fire related incidents.
- ii. achieving set schedules and time frames (evacuation drills and building audits).
- iii. Measuring the number of Fire Service call outs against cause.
- iv. Number and nature of enforcement, alterations or prohibition notices from statutory authorities.
- v. Quarterly / six monthly/ annual premises inspection and meetings to ensure actions and progress are made.
- vi. Annual audit of all fire systems by the chief executive / managing director.

6 REVIEW

- 6.1 Annual audit of all fire systems by the Chief Executive Officer to ascertain compliance with not only statutory provisions but with this Fire Safety Management Plan.
- 6.2 Active reviews will take place quarterly prior to any likely accident or event
- 6.3 Reactive reviews will take place following a fire safety event occurring
- 6.4 A review will also be undertaken following a fire, changes to the premises construction and facilities, new procedures, new equipment, new materials and changes in staff numbers and roles

Appendix 2 – Fire Policy

7 Fire Emergency Plan

All aspects of the plan will consider out of hours occupation and identify where there would be differences e.g. personnel; locked doors; different escape routes etc.

7.1 Training and Training Provision

Identify any training needed and how it will be provided. This should include the following: -

- *Staff identified as trained in the use of fire equipment.*
- *Staff identified as trained in the use of the fire panel.*
- *Staff identified as trained for Fire Marshal duties.*
- *Staff identified to register visitors at the assembly point(s).*
- *Staff identified as having duties specific to the type of evacuation.*
- *Method of ensuring everyone understands how to operate the fire alarm.*
- *Method of ensuring everyone has sufficient instruction and training for fire evacuation.*
- *Method of ensuring visitors / contractors have sufficient information on procedures in the event of an emergency evacuation.*

7.2 Information Distribution

Detail the method(s) of informing personnel (incl. visitors / contractors) of escape routes. This should include the following: -

- *Instruction*
- *Training*
- *Emergency exit / route signage*
- *Fire action Notices*
- *Include method of informing personnel of an alternative escape route should the main one be blocked or inaccessible. (Consideration should also be given to a route that leads past a potential arson attack areas, such as near rubbish skips.)*
- *The Emergency Plan*

Appendix 2 – Fire Policy

7.3 What People / Staff Should Do If They Discover a Fire

- Raise the alarm by operating the nearest fire alarm call point
- Evacuate to a safe place
- DO NOT USE THE LIFT (unless it has been designated as a refuge or part of the emergency escape route and conforms to the criteria given in the British Standard BS5588: Fire Precautions in the Design and construction of Buildings.
- Trained personnel to tackle the fire only where appropriate.
- Where appropriate check toilets and close windows and doors on the way out.
- If have responsibilities for assisting persons with Personal Evacuation Plans respond as required following the actions as identified in the Plan.
- Leave the building by the nearest exit.
- Do not stop or return to collect personal belongings.
- Ensure visitors are escorted from the building to the assembly point.
- Close any doors en-route without delaying your escape.
- You must remain at the assembly place.
- Return to the building only when authorised to do so.

7.4 What People / Staff Should Do If They Hear the Fire Alarm

If you also have responsibilities for assisting persons with Personal Evacuation Plans respond as identified in the Plan. If not then:-

- Leave the building by the nearest exit.
- Close any doors en-route without delaying your escape.
- Do not stop or return to collect personal belongings.
- Do not use any fire fighting equipment unless you have been trained.
- Do pass any information to the building responsible person at the assembly point.
- You must remain at the assembly place.
- Return to the building only when authorised to do so.

7.5 Contacting the Emergency Services

Detail: -

- *Who will contact the emergency services?*
- *What are the means of calling the emergency services? For example by mobile telephone or landline*
- *Include a method in the event of a power failure*

Appendix 2 – Fire Policy

7.6 Specific Arrangements for Any High-Risk Areas

For Example: -

- Boiler room (electrical power supply/fuse boards)*
- Work processes*

7.7 Emergency Services Liaison Procedures

- Who will liaise with the emergency services on arrival?*
- What information will they have and how will they get it?*
- How will the person, identified above, direct the emergency services to the emergency? i.e. will they meet them at the gate or at a pre-determined place?*
- How will the emergency services be able to identify this person? e.g. hi-viz vest, armband etc*
- If anyone is missing and where they were last seen*

7.7.1 Specific Information for the Emergency Services

How will the emergency services be given specific information such as: -

- Type of emergency*
- Location of the fire / incident*
- Missing persons*
- Flammable material stores*
- Location of high risk areas*
- Any unusual activities such as building works or temporary structures*
- Hazardous work process*

7.7.2 Location of information

Detail: -

- Where will the information be kept on risks*
- E.g. Maps / sketches / alarm identification?*
- For example - held near the fire panel.*

7.7.3 Accounting for Personnel

- How will all people be accounted for?*
- Staff; Visitors; Contractors*
- How will the Emergency situation manager be informed?*
- Who will ensure that all personnel are accounted for?*
- How will this be managed if there is more than one assembly area?*

Appendix 2 – Fire Policy

- *What is the procedure if someone is missing?*
- *How are the emergency services informed? (Note: Only the Fire Service personnel with appropriate breathing apparatus can enter the building if there is a person identified as missing)*

7.8 Escape Routes

A map or diagram should be included for ease of reference. Include other relevant information such as details of fire fighting equipment provided, location of designated 'Safe Refuges', types and location of emergency exit signs, locations of manual break glass points and emergency lighting.

7.9 Assembly Points

Give the locations of assembly points, including: -

- *the point where visitors / contractors must assemble*
- *Identify how each assembly area is recognised*
- *Identify who should be in each assembly area e.g. groups or departments or sections*
- *Identify the locations of any designated safe refuges*
- *Where possible provide plans or schematic diagrams*

7.10 Identify Persons Especially at Risk

- *Identify lone workers, contractors and the areas where they may be at risk*
- *Include methods of escape and identify how they will be located*

7.11 Evacuation Arrangements for Disabled People

Systems of evacuation that may be implemented include: -

- **Use of Refuges.** *BS5588: Part 8 defines refuges as: 'Relatively safe waiting areas for short periods. They are not areas where disabled people should be left alone indefinitely until rescued by the fire brigade or until the fire is extinguished'.*

A refuge is an area that is separated from the fire by a fire-resisting construction and has access via a safe route to a final fire exit and be clearly marked up with appropriate signage. It provides a temporary space for people to wait for others who will then help them evacuate.

Identify the method of ensuring that persons with any disability (permanent or temporary) are evacuated or taken to a designated 'Safe Refuge' (if one is in place), until they can be evacuated in safety. Identify what communication channels will be used to ensure that persons in the 'Safe Refuge' are kept informed about what is happening.

Designate responsibilities for persons at special risk and: -

- *Who is responsible for ensuring that personnel at special risk are conducted to a place of safety or refuge until they can be evacuated in safety?*

Appendix 2 – Fire Policy

- Have they had any specific training e.g. using the 'evacuation chair'?

7.12 Visitors and / or Contractors

In many buildings, visitors will be present on a regular basis. Other people, such as contractors, cleaners, etc. may be present on a regular, or ad-hoc basis. Any of these people could require assistance to evacuate the building and they all need to be taken into account when defining emergency procedures and responsibilities.

In buildings not open to the public, arrangements should be made to ensure that visitors are logged in and out of a building, using a visitors book or similar. The person hosting the visitor should ensure that they are made aware of fire evacuation procedures for the premises. In the event of a fire evacuation, the person hosting the visitor(s) is responsible for escorting them to the fire assembly point.

Contractors should also be logged in and out of premises. Unless they are to be constantly supervised by staff or nominated personnel, they should also be given information about the site's fire evacuation procedures that they should then follow in the event of a fire evacuation.

This should include the following: -

- *Visitors on site for evening classes, open evenings, school plays etc.*
- *A method of ensuring that all visitors are evacuated and accounted for.*
- *Methods of control for example: using ushers / fire marshals, registers / head count, buddy system for personnel with disabilities etc.)*

7.13 Staff with Specific Responsibilities

Give the name (post) and duties of identified personnel in the event of a fire or other emergency. E.g. the fire marshals / fire wardens, ushers

This should include backup personnel in the event that identified personnel are not available.

7.14 Overall Control

- *Who is in overall control of the emergency situation and what are their responsibilities?*
- *Who records the emergency situation and actions taken?*

A senior person should be nominated to: -

- *Take overall control of the evacuation*
- *Ensure that other people with specific duties have taken relevant action*
- *Account for all persons in the premises*
- *Liaise with the Fire and Rescue Service*
- *Initiate any additional response in relation to the care of people with special needs*

Appendix 2 – Fire Policy

7.15 Fire Marshals and Fire Wardens

Fire marshals / fire warden are valuable in any premises and vital in large ones. Fire Marshals / Fire Wardens should always be given responsibility for a specific area, i.e. a floor or a section, and will have general duties in an evacuation such as: -

- *Who are the Fire Marshals / Fire Wardens and what are their responsibilities?*
- *Do they 'sweep' the building on their way out?*
- *Do they carry out 'first aid' fire fighting if trained and safe to do so*
- *How do they ensure they do not work alone and put themselves at risk?*
- *Proceed to the assembly point close doors on route*
- *Helping the person in overall control of the evacuation by confirming their area has been checked*

7.16 Fire Fighting

- *Who is trained to use the fire fighting equipment?*
- *What are their responsibilities?*
- *Where is fire fighting equipment located?*

7.17 Fire Control Panel

- *Who will check the fire panel?*
- *What is their next step?*
- *What do they do with the information?*
- *Who is responsible for silencing and resetting the panel and on what occasions?*

7.18 Contingency Plans

Have contingency plans for when life safety systems such as evacuation lifts, fire-detection and warning systems, sprinklers or smoke control systems, emergency lighting or building power system are out of order.

As part of your emergency plan it is good practice to prepare post-incident plans for dealing with situations that might arise such as those involving: -

- *unaccompanied children;*
- *people with personal belongings (especially valuables) still in the building;*
- *people wishing to rejoin friends;*
- *getting people away from the building (e.g. to transport);*
- *inclement weather; or*
- *the building cannot be re-entered / reoccupied.*

Appendix 2 – Fire Policy

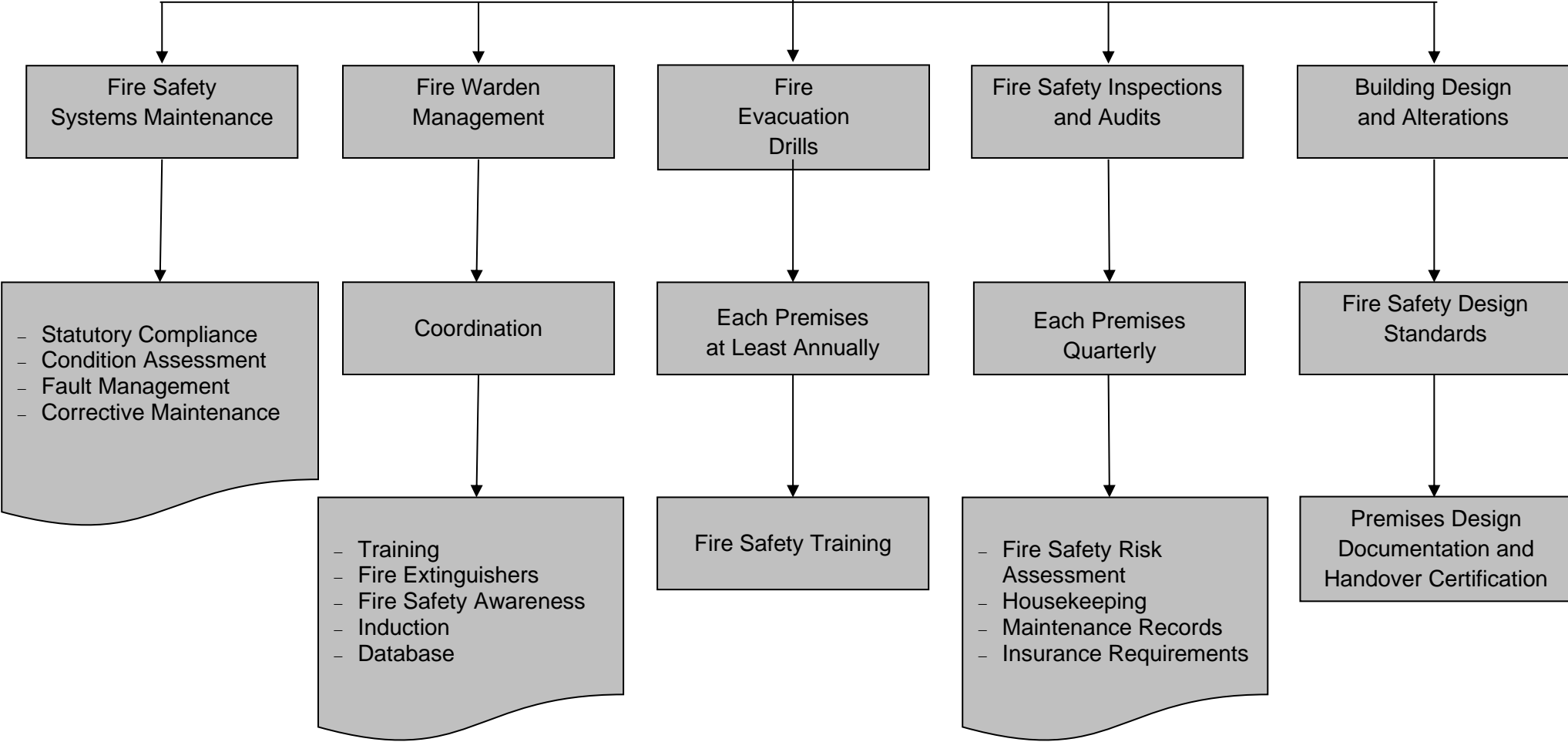
7.19 Re-Entering the Building

- *How people be prevented from re-entering the building?*
- *How will people know when they can re-enter the building?*
- *Note: If the emergency services have been called then the Senior Fire Service Officer is responsible for giving permission for re-entry to the building*

7.20 Contingencies If Not Re-Entering the Building

- *Are there arrangements in place if the building cannot be re-entered?*
- *Consider weather conditions, time of year, length of time before re-entry is possible etc.*
- *Personnel will remain in the assembly area or be relocated to.....*
- *Staff identified to monitor / escort the pupils / service users during this time are.....*
- *Staff identified to ensure that all pupils / service users have arrived at the relocation point are.....*
- *Method of contacting parents or guardians if the pupils are sent home is.....*
- *Procedures to ensure the safety of pupils / service users that cannot be sent home or relocated*

EXAMPLE FIRE SAFETY
MANAGEMENT
STRATEGY



EXAMPLE FIRE SAFETY MAINTENANCE CHECKLIST

	YES	NO	N/A	COMMENTS
Daily Checks (not normally recorded)				
Escape Routes				
Can all fire exits be opened immediately and easily?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Are fire doors clear of obstruction?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Are escape route clear?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Fire Warning Systems				
Is the main indicator panel showing “normal”?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Are whistles, gongs or air horns in their correct place?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Escape Lighting				
Are luminaries and exit signs in good condition?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Is the emergency lighting and signs working normally?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Fire fighting Equipment				
Are all fire extinguishers in place?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Are all fire extinguishers clearly visible?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Are all fire hydrants accessible for the fire service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Weekly Checks				
Escape Routes				
Do all emergency fastening devices work correctly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Are fire doors clear of obstruction?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Are all external escape routes clear?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Fire Warning Systems				
Did the fire alarm work correctly when tested?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Did staff and all others hear the alarm working?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Did any linked fire protection system operate correctly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Did visual alarms, pagers or vibrating pads work?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Do voice alarms work and was the message understood?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Escape Lighting				
Are charging indicators visible and illuminated?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Fire fighting Equipment				
Are all fire fighting equipment in working order?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Are all fire extinguishers mounted 1 - 1½ metres?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Monthly Checks				
Escape Routes				
Do all electronic release mechanisms work correctly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Do all automatic doors “failsafe” in the open position?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Are all self-closing devices working correctly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Are all door seals and intumescent strips in good condition?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Are all external stairs in good condition and non-slip?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Do all roller shutters for compartmentation working correctly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Do all internal fire doors close against their rebate / stop?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Escape Lighting				
Do all luminaries and exit signs working when tested?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Are emergency generators working correctly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Fire fighting Equipment				
Is the “pressure” in stored pressure extinguishers correct?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Appendix 2 – Fire Policy

	YES	NO	N/A	COMMENTS
Three Monthly Checks				
General				
Are emergency tanks / ponds at their normal / correct level?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Are vehicles blocking fire hydrants or access to them?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Additional items from manufacturers requirements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Six Monthly Checks				
General				
Has the emergency evacuation lift (if fitted) been tested?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Have sprinkler systems been tested by a competent person?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Have release and closing mechanisms on fire resisting compartment doors and shutters been tested?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Fire Warning Systems				
Has the system been checked by a competent person?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Escape Lighting				
Do all luminaries work for a third of their rated value?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Annual Checks				
Escape Routes				
Do all fire doors work correctly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Is escape route compartmentation in good condition?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Fire Warning Systems				
Has the system been checked by a competent person?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Escape Lighting				
Do all luminaries operate on test for their full duration?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Has the system been checked by a competent person?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Fire fighting Equipment				
Has all equipment been checked by a competent person?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Miscellaneous				
Have dry / wet risers been tested by a competent person?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Has smoke control systems been tested by a competent person?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Has external access for the fire and rescue service been checked for availability at all times?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Have any fire fighters switches been tested?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Are fire assembly points clearly indicated by signs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

EXAMPLE FIRE SAFETY TRAINING PROGRAMME

All employees will receive adequate fire safety training and all fire safety training sessions will be delivered by a competent person. There will be one / two fire drills per year to test the fire safety training.

Fire Safety Training Sessions

New Employees: Induction Programme

Current Employees: One / Two training session per year

Fire Wardens: One / Two training session per year specific to their duties

Managers: One / Two training session per year specific to their duties and including fire safety risk assessment, responding to fire hazards, fault reporting procedures, liaising with the fire service, record keeping, induction of new staff, fire safety policies and procedures.

Fire Safety Training Topics

- The significant findings from the fire risk assessment and fire safety policies;
- What to do on discovering a fire;
- How to raise the alarm, including the locations of fire alarm call points (break glass points);
- The action to take upon hearing the fire alarm;
- The evacuation procedure for alerting guests, residents and visitors including, where appropriate, directing them to exits and assembly points at a place of total safety;
- The arrangements for calling the fire and rescue service;
- The location and, where appropriate, the correct use of portable fire extinguishers and fire-fighting equipment;
- Knowledge of escape routes including stairways and especially those not in regular use;
- How to open all emergency exit doors;
- The appreciation of the importance of fire doors, keeping them closed and not wedged open to prevent the spread of smoke and heat, keeping escape routes unobstructed;
- Where appropriate, isolating electrical power and gas supplies and stopping machines and processes;
- The reasons for not using lifts (except those specifically constructed as evacuation lifts);
- The safe use of and risks from storing and working with highly flammable and explosive substances;
- General fire precautions, fire awareness and good housekeeping practices;
- The no smoking policy (where applicable);
- Special provisions for assisting disabled people and any training needed;
- Identifying fire hazards and fire incidents reporting procedures; and
- Equipment fault reporting procedures.

Fire Safety Training Records

All fire safety training will be recorded to include the date of instruction; the duration, name of the person giving the instruction, names of persons receiving the instruction; and the nature of the instruction and / or, drill.

EXAMPLE FIRE SAFETY TRAINING RECORD

Date: _____ **Duration:** _____

Given By: _____ **Session For:** _____

Subjects Covered

- ☐ The significant findings from the fire risk assessment and fire safety policies
- ☐ What to do on discovering a fire
- ☐ How to raising the alarm, including the locations of fire break glass points
- ☐ The action to take upon hearing the fire alarm
- ☐ The evacuation procedure for alerting guests, residents and visitors including, where appropriate, directing them to exits and assembly points at a place of total safety
- ☐ The arrangements for calling the fire and rescue service
- ☐ The location and , where appropriate, the correct use of portable fire extinguishers and fire-fighting equipment
- ☐ Knowledge of escape routes including stairways and especially those not in regular use
- ☐ How to open all emergency exit doors
- ☐ The appreciation of the importance of fire doors, keeping them closed and not wedged open to prevent the spread of smoke and heat, keeping escape routes unobstructed
- ☐ Where appropriate, isolating electrical power, gas supplies, stopping machines and processes
- ☐ The reasons for not using lifts (except those specifically constructed as evacuation lifts)
- ☐ The safe use, risks from storing and working with highly flammable/ explosive substances
- ☐ General fire precautions, fire awareness and good housekeeping practices
- ☐ The no smoking policy (where applicable)
- ☐ Special provisions for assisting disabled people and any training needed
- ☐ Identifying fire hazards and fire incidents reporting procedures; and
- ☐ Equipment fault reporting procedures.

Names of those attending:

PRINT NAME	SIGNATURE

I confirm that I have delivered the above subjects to those named above as attending.

Appendix 2 – Fire Policy

Name: _____ Date: _____

Signed: _____ Position: _____

FIRE SAFETY MANAGEMENT STRUCTURE

<p>The person with the overall responsibility for fire safety:-</p> <p>Planning: Structure of organisation Organisation: Setting objectives, policy and procedures Control: Identify person responsible to tasks / actions Monitoring: Checks and the implementation of standards Review: Reviews of fire safety performance standards</p>	<p>Responsible Person: Graeme Howell</p> <p>Position: Chief Executive</p>
<p>The person with responsibility for fire safety risk assessment:</p> <ul style="list-style-type: none"> – Carrying out fire safety risk assessment – Review of fire safety risk assessments 	<p>Competent Person: Jonathan Ritch</p> <p>Position: Production & Facilities Lead</p>
<p>The person with responsibility for the maintenance programme:</p> <ul style="list-style-type: none"> – Fire detection and warning system – Emergency lighting – Escape routes – Fire safety signs and notices – Fire resisting walls, partitions and doors – Fire fighting facilities – Electrical appliances and premises installations 	<p>Competent Person: Jonathan Ritch</p> <p>Position: Production & Facilities Lead</p>
<p>The person with responsibility for developing and reviewing the premises Fire Safety Management Plan which details the procedures to be taken by all staff, visitors, members of the public, service users and all relevant person in the event of fire.</p>	<p>Competent Person: Jonathan Ritch</p> <p>Position: Production & Facilities Lead</p>
<p>The person with responsibility for staff training:</p> <ul style="list-style-type: none"> – What to do in the event of fire – What to do upon hearing the fire alarm – Liaison with the fire service 	<p>Competent Person: Kerry Llewellyn</p> <p>Position:</p>

Appendix 2 – Fire Policy

<ul style="list-style-type: none">– Emergency shut down procedures– Fire fighting arrangements– The reason for good housekeeping practices etc	Support Lead
--	--------------

Appendix 3 – Stress Policy

Introduction

Shetland Arts Development Agency are committed to protecting the health, safety and welfare of our employees. We recognise that workplace stress is a health and safety issue and acknowledge the importance of identifying and reducing workplace stressors.

This policy will apply to everyone at Shetland Arts Development Agency. Managers are responsible for implementation and the company is responsible for providing the necessary resources.

Definition of stress

The Health and Safety Executive define stress as “the adverse reaction people have to excessive pressure or other types of demand placed on them”. This makes an important distinction between pressure, which can be a positive state if managed correctly, and stress which can be detrimental to health.

Policy

- Shetland Arts will identify all workplace stressors and conduct risk assessments to eliminate stress or control the risks from stress. These risk assessments will be regularly reviewed.
- Shetland Arts will provide training for all managers and supervisory staff in good management practices.
- Shetland Arts will provide confidential counselling for staff affected by stress caused by either work or external factors.
- Shetland Arts will provide adequate resources to enable managers to implement the company’s agreed stress management strategy.

Responsibilities

Managers

- Ensure good communication between management and staff, particularly where there are organisational and procedural changes.
- Ensure staff are fully trained to discharge their duties.
- Ensure staff are provided with meaningful developmental opportunities.
- Monitor workloads to ensure that people are not overloaded.
- Monitor working hours and overtime to ensure that staff are not overworking.
- Monitor holidays to ensure that staff are taking their full entitlement.
- Attend training as requested in good management practice and health and safety.
- Ensure that bullying and harassment is not tolerated within their jurisdiction.
- Be vigilant and offer additional support to a member of staff who is experiencing stress outside work e.g. bereavement or separation.

Employees

- Raise issues of concern with your line manager.
- Accept opportunities for counselling when recommended.

Health and Safety Committee

- The Health and Safety Committee will perform a pivotal role in ensuring that this policy is implemented.
- The Committee will oversee monitoring of the efficacy of the policy and other measures to reduce stress and promote workplace health and safety.

INTRODUCTION

This report reviews the following strategic risk:

- 3. Loss of stakeholder confidence / trust (brought back after discussion at the last Board Meeting)
- 4. External Impacts

DETAIL

The risks has been reviewed by the Leadership Team and the findings are set out in Appendix 1.

The proposed updates to risk 3 are:

- Public has been removed from this risk at the request of the Trustees
- Severity before mitigation has been reduced from 4 to 3 which is a more realistic score based on experience
- All other scores remain the same

The proposed updates to risk 4 are:

- Frequency before mitigation has been increased from 2 to 3 due to more global event in recent times.
- Severity before mitigation has been reduced from 5 to 4 as the leadership team does not believe inability to manage societal shocks will be cause organisational failure 100% of the time.
- Frequency after mitigation has been reduced to 3 in line with the suggestion to reduce it before mitigation.
- Severity after mitigation has been reduced from 3 to 2 due to the reduction before mitigation.

Appendix 1

No.	Strategic Risk	Frequency	Severity	Risk Profile	No.	Mitigation	Evidence	Revised Frequency	Revised Severity	Revised Risk Profile	Rationale
		(1-5)		(FxS)				(1-5)		(RFxRS)	
3	Loss of stakeholder confidence / trust Risk that an incident or situation creates an environment that confidence is eroded or lost.	2	3	6	3.1	Business Continuity Planning	BCP plans	1	3	3	Frequency has reduced because of 3.1, 3.2 & 3.3 Severity has not been reduced
					3.2	Access to specialist comms freelancers	have one during the pandemic				
					3.3	Good informed relationship with stakeholders	Resilience plans				
4	External Impacts Being unable to manage and adapt to societal shocks. e.g. Pandemics	2	5	10	4.1	Ensure staff structure is flexible	Staff planning	2	3	6	Frequency has not been reduced Severity has been reduced because of 4.1, 4.2, 4.3 & 4.4
					4.2	Ensure staff are current in training	Performance Development Reviews				
					4.3	Business Planning	Business Plan				
					4.4	Relationship with stakeholders	Resilience plans				

Frequency				
Score	Descriptor	Guidance		
5	Extremely Likely	Is expected to happen in most circumstances. 80-100% likely to happen in the next five years.		
4	Very Likely	Will probably happen at some time. 60-79% likely to happen in the next five years.		
3	Likely	Might happen at some time. 40-59% likely to happen in the next five years		
2	Unlikely	Conceivable it could happen. 20-39% likely to happen in the next five years.		
1	Extremely Unlikely	Could happen in exceptional circumstances. 0-19% likely to happen in the next five years/		

Severity				
Score	Descriptor	Guidance		
5	Extremely Severe	Organisation will fail 100% of the time		
4	Very Severe	Organisation will fail without proper management 70% of the time		
3	Severe	Organisation will fail without proper management 35% of the time		
2	Minor	Organisation will fail without proper management 10% of the time		
1	Extremely Minor	Organisation unlikely to fail		

5.3 Annual Financial Statements 31 March 2024



INTRODUCTION

This report contains the annual financial statements to 31 March 2024 as an Appendix.

Irene Hambleton from RSM UK Audit LLP will attend the board meeting and give a presentation on the financial statements.

They are for final approval by the board.

SHETLAND ARTS DEVELOPMENT AGENCY

TRUSTEES' REPORT & FINANCIAL STATEMENTS

for the year ended

31 March 2024

SHETLAND ARTS DEVELOPMENT AGENCY

CHAIRPERSON'S MESSAGE

31 MARCH 2024

My third year as chair has been one of change for Shetland Arts as we continue to manage our recovery from the pandemic and the impacts of the cost-of-living crisis. I hope you find the contents of this Annual Financial Statement useful and engaging. We continue to embed our social outcomes into our reporting structure and the impact we make and change we see in our communities is our motivation.

To ensure the ongoing viability of the organisation we undertook a voluntary severance scheme and have had to manage vacancies effectively. This has increased the expectation on the remaining staff and myself and my fellow trustees are grateful of their effort to continue the work of the organisation.

Highlights of the last twelve months are detailed throughout this document and we continue to make a difference to the lives of those living in Shetland. This was captured and demonstrated in the Customer Satisfaction survey that we undertook. There will always be valid criticism of an organisation like Shetland Arts that is limited by the constraints of funding, but I was heartened at the positivity that was expressed towards the work we do and the impact we have.

The development of the Multi Year Funding application for Creative Scotland has enabled us to review our intentions and consult broadly with staff and stakeholders on our strategic direction. We are committed to continue to evolve as a third sector impact organisation and I look forward to publishing our plans once the outcome of the process is known.

My thanks go to our funders, Creative Scotland and Shetland Charitable Trust, our stakeholders, Shetland Islands Council and Highlands and Islands Enterprise, and our partners including UHI Shetland, The Pier Arts Centre in Orkney and An Lanntair and Taigh Chearsabhagh Museum & Arts Centre in the Outer Hebrides. Their support, encouragement and challenge are greatly appreciated.

My final thanks go to my colleagues who serve as volunteer trustees. Our role is to support and scrutinise the work of the staff and the executive and it is rewarding to oversee the development of an organisation like Shetland Arts.

Susan Mail
Chair

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2024

The Trustees are pleased to present their annual Trustees' Report together with the financial statements of the charity for the year ending 31 March 2024.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the trust deed and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (as amended for accounting periods commencing 1 January 2019) (the SORP).

OBJECTIVES AND ACTIVITIES

Shetland Arts' principal objectives are laid out in the supplementary Deed of Trust registered on 30 October 2020.

The objects of the agency are to:

- (i) advance the education of the public resident in Shetland in the Arts, in particular the Arts of Dance, Drama, Theatre, Film, Literature, Music, Crafts, Visual Arts and any new form of Media;
- (ii) advance Arts and Culture for the benefit of the public in Shetland;
- (iii) advance Citizenship and Community Development for the benefit of the public in Shetland.

In furtherance of the objects the Trustees shall seek to:

- (i) encourage and assist in promoting and advancing the creation, practice, presentation and study of all forms of art – visual, performing and creative;
- (ii) support and encourage the continual development of all art forms;
- (iii) support existing, and encourage new work;
- (iv) improve access to the arts and create opportunities for individuals, geographical communities and communities of interest, at all levels of experience and ability, to participate in and enjoy a diverse range of arts activity through performances, exhibitions and educational activities;
- (v) create opportunities for personal development through a community development approach within the arts;
- (vi) promote a culture of lifelong learning through a community development approach within the arts;
- (vii) support professional artists through residencies, workshops and performances;
- (viii) promote excellence in artistic quality;
- (ix) develop the skills and experience of artist practitioners and participants and encourage learning; and
- (x) provide facilities to support artistic activities.

Introduction

This year continued to be a challenge for Shetland Arts due to the ongoing impact of COVID-19 on customer habits but we were delighted with the range of work we undertook.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2024

We employ a robust process of evaluation for each element of every project we deliver. Every activity is submitted to the Leadership Team on a Project Proposal Form (PPF) that contains a narrative statement and describes how the project relates to our Trust Deed, which programme area it is part of, which art forms it relates to and whether the work is contemporary, populist or traditional. This form also sets the Key Performance Indicators (KPIs) and the budget.

All elements of the activity are considered, particularly how the projects will deliver our social outcomes. The Leadership Team sets key milestones and receives regular updates, with monitoring requirements being dictated by the scale of the project.

Once an activity is completed the PPF is reviewed against actuals and lessons are learned where appropriate.

Project Managers collate monthly KPIs for each active project and every quarter a report is produced which includes KPIs, a narrative for each social outcome and several case studies which highlight particular projects. These reports are submitted to Shetland Charitable Trust, circulated to Shetland Arts' Board of Trustees and made available on the Shetland Arts website.

Social Outcomes

This was the first year we delivered our work with the objective of meeting the new social outcomes agreed by the trustees. These social outcomes will allow Shetland Arts to better target its work. The new social outcomes are:

1. Improved quality of life through greater access to creative and social experiences
2. Improved opportunities through personal and professional transferable skills
3. Improved confidence to contribute positively through opportunities for self-expression and community involvement
4. Improved feeling of inclusion and equality through greater understanding of other cultures and lifestyles
5. Improved mental and physical health through more active involvement in creative and social experiences
6. Improved community resilience through a more diverse creative economy

Although many of our activities will deliver against more than two of our social outcomes, our intention is to focus on the two that are the reason we are doing it and report against them. In our narrative reporting we acknowledge that a participant or audience member may well have experienced a different impact than we intended, and we will make every attempt to capture their story. We use a variety of methods to capture our impact including participant surveys, feedback, comments on social media and emails.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2024

Achievements & Performance

The table below shows the key performance indicators for the year. This will be followed by highlights from the work under each social outcome during the year.

Actuals	Concerts, Screenings and Exhibition Days	Attendances	Development Sessions	Participations
Delivered	3,513	209,664	1,496	10,347
Target	4,000	140,000	1,400	14,000
% of Target Delivered	88%	116%	107%	74%
Impact	Concerts, Screenings and Exhibition Days	Attendances	Development Sessions	Participations
Improved quality of life through greater access to creative and social experiences	3,105	178,237	56	821
Improved opportunities through personal and professional transferrable skills	465	40,455	1,168	6,427
Improved confidence to contribute positively through opportunities for self-expression and community involvement	215	12,687	1,168	7,015
Improved feeling of inclusion and equality through greater understanding of other cultures and lifestyles	282	7,561	19	155
Improved mental and physical health through more active involvement in creative and social experiences	2,122	77,052	155	1,594
Improved community resilience through a more diverse creative economy	822	100,094	300	2,984

Notable variances between Target and Actual KPIs

The number of concerts, screenings and exhibition days is within predicted variances. Notable variances to audience numbers include lower cinema attendances but higher footfall for outdoor public art installations. The under-delivery of participation numbers is in part due to relatively low numbers of students per class on our formal education programmes. This is expected to pick up as student recruitment increases and the higher class sizes work through the programme year groups..

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2024

1: Improved quality of life through greater access to creative and social experiences

Mareel hosted five concerts over four days during the 41st **Shetland Folk Festival** in May, including one of the legendary Foy concerts on the Sunday night.

"Thank you so much for everything your staff did to contribute to a successful 41st Shetland Folk Festival."
(Shetland Folk Festival Committee)

The **Shetland Noir** crime fiction festival was held in Mareel in June. Co-curated Ann Cleaves, Marsali and Marsali Taylor and the Shetland Arts team, the event featured headliners Richard Osman, Val McDermid, Martin Edwards, Elly Griffiths, Shona Maclean, Dr Jacky Collins and Dr James Grieve all booked to appear with 20 fellow crime writers. Over the weekend there were 25 events including panel discussions, 'how to' workshops, author speed dating, talks, interviews, a local writer's event, a supper dance and a quiz on the closing night.

"I've been to lots of crime festivals big and small and have never enjoyed it as much as the Shetland one. Everything was so wonderfully thought through. The programme, the speakers, the organisation, the format all so well put together." (festival attendee)

Screenplay 2023 was the last one co-curated by Kathy Hubbard, Mark Kermode and Linda Ruth Williams. The ever-popular event featured an esoteric program of film and guest speakers including director Hassan Nazer, journalist and author Stuart Cosgrove, old festival friends director Carol Morley and producer Cairo Cannon, acclaimed British director Mark Jenkin and actress Mary Woodvine, along with first time producer Julien Allen. We were pleased to have pre-recorded interviews with legendary actress Emma Thompson and director Edward Lovelace.

"Mark, Linda and I have had some wonderful times curating Screenplay. We've been fortunate to make new friends for Shetland, and it has been a privilege to put Shetland firmly on the national and international festival map." (Kathy Hubbard)

2: Improved opportunities through the development of new skills

On June 8th Mareel hosted the annual **end-of-year Student Showcase** for UHI Shetland students studying music, film and drama with Shetland Arts. The students collectively organised and promoted the event as part of their studies. The showcase started with a film screening in the cinema featuring shorts made by Film Crew, Skills for Work, NC, Degree and Masters students. Audiences were then treated to a drama 'happening' in the stairwell overlooking the foyer from Skills for Work drama students. The evening culminated with a musical extravaganza from Skills for Work, NC, Degree and Masters students, and Shetland Young Promoters Group members.

"I'm absolutely blown away by the talents of the students. Please pass on my thanks and congratulations to them for a thoroughly entertaining evening" (Shetland Islands Councillor)

Fiddle Frenzy took place in August and was curated by Kevin Henderson and his team of tutors Amy Laurenson, Andrew Gifford and Jenna Reid who led participants through their classes, as well as workshop leaders Tim Matthew and David Boyter who lead the Fiddle Tech and Guitar workshops in the programme. Two other workshops were lead by Amy and Jenna in addition to their regular classes - Traditional Improvisation and How to Practice.

"[I] wanted to let you know that we did thoroughly enjoy Folk Frenzy 2023. Thank you very much to you, all your staff and all of the tutors for making it such a friendly and fun week, with lots of learning thrown in besides." (Fiddle Frenzy participant)

In March, Mareel's Green Room hosted the **"Photographing Your Work for Exhibition"** workshop to provide guidance on capturing images of artworks effectively. Jane Matthews, an expert in exhibition management and curation, explored creative aspects and highlighted key information that curators seek in photographs and descriptions of artworks. Tara Thomson, with a background in film and photography, conducted a session covering fundamental principles of composition such as lighting and framing.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2024

"It was really great getting to engage with local makers in this workshop – having a mix between some theory and some practical hands-on stuff was ideal. We made sure to keep all the equipment used in the workshop as basic as possible, like stuff you would have in your home already, so that anything learned could be done easily and budget friendly. I think it gave everyone a confidence boost!" (Tara Thomson)

3: Improved confidence to contribute positively through greater opportunities for self-expression and community involvement

If I'd Known You Were Coming I'd Have Fired A Cake was a spring exhibition in the Bonhoga Cafe of kiln-fired glass artworks created by students attending the Shetland Islands Council Bridges Project. The artworks were an outcome from a series of workshops led by designer Niela Kalra and artist Katie Leask, of Nielanell Contemporary Knitwear in Hoswick. Whilst the project itself increased participants' confidence, and developed skills, the display provided a public platform for validation of the participants' hard work, learning and commitment.

"We all went out to see the exhibition at Bonhoga yesterday and it looks so good! Thank you for all the effort you put into the display. The young artists all felt rightly proud to see it looking so impressive in a public space" (Project mentor)

As part of our ongoing youth arts programme, we ran a series of **summer workshops** in different artforms. Liz Musser delivered sessions on Stop Motion Animation, young people learnt the basics of creating and recoding music using software with David Boyter, and May Graham led participants through a series of photography workshops.

"I loved doing the stop motion things, and it's inspired me to do more stuff like that. I learned a lot. It was really, really fun. I met new people and made new friends" (Stop Motion session participant)

"My child said that this was the best workshop they had ever attended" (Music session parent)

"I love the workshops you put on for children - it's nice to have something alternative to sport!" (Photography session parent)

Shetland Youth Theatre led by Stephenie Georgia, in collaboration with Diverse Marine Values Project and an extensive team from University of Portsmouth delivered a week-long Easter intensive for ages 12-19 at The Garrison Theatre. They began developed a piece, Transverse Waves, aimed predominantly at empowering young people to have a voice on issues of climate and coastal living.

"With so much of the development of Transverse Waves showing the challenges in being part of or forming a youth community, it is reassuring that so many SYT members identified 'making friends', 'meeting new people' and 'kindness' being an important part of their experience" (Stephenie Georgia, SYT leader)

4: Improved feeling of inclusion and equality through an appreciation of a diversity of cultures and lifestyles

Embrace, a film made by a group of young people in Shetland supported by local creative practitioners, premiered in Screen 1 at Mareel. Shetland Arts literally rolled out the red carpet to welcome the young stars, their friends and family to the celebratory screening. In the film twelve young people (plus siblings and friends), aged between 7 and 27, tell their stories and share what it means for them to be neurodivergent.

'It has been really good for me coming to the group. Before I felt like I was on my own but now I feel like I have met others like me.' (Embrace participant)

BURNT OUT by Penny Chivas was an "urgent and timely dance-theatre work" encapsulating one Australian's experience of the devastating bushfires and the personal experience of the daughter of an environmental geochemist. Originally from Australia (Ngunnawal Country). The visit included workshops and post-show hosted discussion.

"It is exciting to see work of this political discourse here in Shetland...This work has impacted me more in the 50 minutes watching it than watching the BBC news report on the climate crisis for years" (audience member)

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2024

Make More Noise, our Alternative Cabaret night returned this year and was the perfect way to celebrate the festive season. The evening was filled with music, comedy, drag, bingo, circus performance and an unforgettable 'after show' DJ session in the Café Bar. The line-up featured Odesa as house band, Marjolein Robertson with material from her new Edinburgh Fringe show, Aerial/Circus and rollerskate dance artist Chrissie Ardill, Timberlina & Aunt Maureen with a bigger and better, revamped Big Bingo Show and DJing, and the debut performance from Shetland's own drag queen, Victoria Pier.

'Shetland Arts has also been "really important" to Victoria. "They contacted me after Shetland Pride and had asked me to be involved," she said. "They've been brilliant. I had no idea how much goes on in the background in terms of these kind of events. The sound, the lighting, the promotion, all these kinds of things. "They've been really supportive and accommodating as well, because I've had a million questions." (Victoria Pier / Shetland News, December 23)

5: Improved mental and physical health through more active involvement in creative and social experiences

A children's event in April, supported by Creative Scotland's Touring Fund, **The Happiness Collectors** had children wearing headphones to go on their own adventure to be transported around the world by sounds and music. Since the pandemic children had grown accustomed to being at home and not around others, so this allowed for children to have their own escape, whilst bringing them out of their comfort zone.

"I thought the Happiness Collectors was perfect for my 4-year-old who struggles to sit still – so having an event where they don't have to sit and can move around was ideal for us. And it was so relaxed, it made me think I should try taking him to more kid's activities at Mareel." (parent)

The **Youth Takeover** of Mareel organised by SIC Youth & Employability Service saw over 150 children and young people participating in dance, film, craft, and photography workshops, followed by three bands at the Big Gig. The organisers had lots of positive community feedback including:

"Bairns have really enjoyed this, would be great to see more of this happening... Massive appreciation for what has gone into today. Amazing to have a gig like this for them" (Parent)

Bookbug Story Time for under 5s takes place in the Mareel cafe every Thursday morning and is led by the Shetland Library Librarians. The story sessions last for 30 minutes, and parents and guardians often meet and socialise with their children before and after the event.

"(We) love Bookbug! It's a regular fixture in our week and it's lovely to meet with other folk and let the bairns make new friends" (parent)

6: Improved community resilience through a more diverse creative economy

Shetland Arts continued to support local craft makers through our **curated retail** offer in Mareel and Weisdale Mill, including the sale of Shetland Arts **commissioned products**. Our **Summer Showcases**, sales focused exhibitions in the Bonhoga Gallery, supported sixteen makers in 5 week blocks of four makers each.

"It's been the most successful exhibition to date - sales wise. And I've had a lot of good feedback from clients and visitors to the studio here. So thank you and well done on pulling together such a great showcase for all of us." (Bonhoga Summer Showcase exhibitor)

In early November we facilitated our Artist Lab '**Centre of Everywhere, Middle of Nowhere**'. This idea was conceived with the intention to place rural artists and the excellent work they do at the centre of discussions, using cross island working to reflect on our similarities and differences and how we can share resources to develop our work. Together, the artists worked together to create a publication, which was aimed at policy makers and Stakeholders, called 'Even Here, Even Now'.

"I found it affirming to spend several brain-storming and philosophy-orbiting sessions homing in what we wanted to say and how best to say it, helping put long-held passions and ideas into words. It was illuminating to see how the other artists approached presenting themselves and their practice; working across disciplines was particularly valuable in this respect." (Barry Nisbet, artist)

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2024

The **Visual Artist and Craft Maker Awards** (VACMA) is a small grants scheme managed by Shetland Arts and supported by Creative Scotland and Shetland Islands Council. There were two rounds of funding in 23-24, with 13 applicants and 7 awards were made of either £500 or £750 each. All applicants receive detailed constructive feedback.

"I was invited to be a part of the VACMA Panel, this was an intriguing insight into the process of allocating arts funds. This experience with Kathryn and Shetland Arts has motivated and encouraged new approaches while creating applications for new arts opportunities" (Freelance panelist)

Volunteers

We work with volunteers in a number of different ways. This includes our voluntary board of Trustees, festival volunteers and delivery volunteers. During the year volunteers contributed 728 hours of their time to the organisation.

Change Management

During the year a voluntary severance scheme and vacancy management scheme was instigated to reduce the wage bill of the organisation. This has led to a number of management and leadership roles leaving the organisation or being held vacant until future funding commitments are clear towards the end of the year.

FINANCIAL REVIEW

The 2024 financial year continued to be a challenge for the organisation. Although there were no longer restrictions on what the organisation could do from a government level the impacts of stand still funding combined with inflation created challenges.

The organisation continues to produce detailed financial projections monthly as challenging financial times continue. The trustees are confident that the organisation will remain solvent as projections to 30 September 2025 show the organisation in a suitable financial position. The Leadership Team will also review results monthly and will act quickly if cost savings are required.

The movement on the Unrestricted Funds for the year was £nil (2023 – surplus £20,776). This movement of £nil in Unrestricted Funds comes after the deduction of depreciation in the year of £601,608. This depreciation is partly offset by a transfer made from the Restricted Capital Fund to Unrestricted Funds of £583,191. This transfer is done to recognise the fact that capital grants received in this year and during earlier financial periods should be amortised over the same useful lifetime as the assets to which they relate.

The Total Incoming Resources for the year were £2,524,170 (2023 - £2,659,637) made up as follows:

	2024 £	2024 %	2023 £	2023 %
Revenue grants received	1,253,989	47.2%	1,446,380	54.4%
Capital grants received	174,622	6.6%	155,324	5.8%
Self-generated income	1,211,791	45.6%	1,053,778	39.6%
Interest received	13,926	0.5%	2,373	0.1%
Donations and sponsorship	4,387	0.1%	1,782	0.1%
TOTAL	2,658,715	100%	2,659,637	100%

We received annual revenue funding of £716,600 from Shetland Charitable Trust (SCT) and £250,000 from Creative Scotland (CS) during the year.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2024

Project funding was received from various funders, including Creative Scotland, Shetland Islands Council and Highlands and Islands Enterprise. This funding, combined with the use of our revenue funding and generated income has allowed the range of arts activity described under "Activities, Achievements and Performance" to take place during the year.

Total Resources Expended was £3,034,165 (2023 - £3,212,687) made up as follows:

	2024 £	2024 %	2023 £	2023 %
Stock and goods purchases	303,545	10.0%	234,071	7.3%
Charitable activities	2,730,620	90.0%	2,978,616	92.7%
TOTAL	3,034,165	100%	3,212,687	100%

Grants were given out by Shetland Arts in the year of £4,750 (2023 - £5,750). These are contained in the Charitable Activities line above and further details of the grant scheme are contained in note 8b.

All staff costs are included in charitable activities above and have decreased from £1,404,064 in 2023 to £1,309,711 in 2024.

Shetland Arts is an approved member of the Shetland Islands Council Pension Scheme. The updated actuarial valuation of the pension scheme as at 31 March 2023 resulted in a movement of £450,000 in the Shetland Arts pension scheme provision, which is shown in the Statement of Financial Activities, creating an asset on the Shetland Arts balance sheet to a total of £1,010,000.

RESERVES POLICY

In April 2016 the Trustees approved a new reserves policy. SADA is working towards securing adequate reserves to meet current and potential future needs. The organisation aims to have unrestricted reserves of at least £200,000, which will allow the organisation to meet any unexpected expenditure that may arise.

Within this reserve, funds will be designated to an Asset Replacement and Repair Reserve. In any year that the organisation makes a surplus, 50% of this surplus will be designated into this fund. The fund will be used for the replacement and repair of the assets of the organisation.

Total funds as at 31 March 2024 are £9,094,764 (2023 - £9,020,214). This is split between Restricted Funds of £7,968,559 (2023 - £8,344,009 and Unrestricted Funds of £1,126,205 (2023 – deficit of £676,205).

No designation to the Asset Replacement and Repair reserve in the year to 31 March 2024 due no surplus being generated.

The trustees acknowledge the current position is challenging and they expect it to be a medium-to-long term objective to reach the position stated in the reserves policy. The staff team has been charged to increase surplus from income for us to achieve this position within the next four years.

PLANS FOR THE FUTURE

Funding

During 2024 Shetland Arts is undertaking two core funding applications, one to Creative Scotland and one to Shetland Charitable Trust. The outcome of both these applications should be known by November and the organisation will go through significant redesign depending upon their success or failure. Both applications are predicated on the evolution of current activity and the introduction of a thematic approach to linking areas of the program together.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2024

Facilities

Successful fundraising from the Shetland Charitable Trust Capital Maintenance fund is enabling significant investment in our facilities. This includes an extensive refurbishment of Bonhoga and an upgrade to facilities at Mareel including the installation of a changing places toilet.

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees	Chris Gadsby	
	Hannah Hough	<i>Appointed 2 November 2023</i>
	Malcolm Innes	
	James Johnston	
	Michele Kerry	
	Kerry LARBalestier	
	Catriona MacDonald	
	Susan Mail	
	Jamie Manson	<i>Appointed 27 April 2023</i>
	Renzo Spiteri	<i>Resigned 28 September 2023</i>
Chief Executive	Graeme Howell	
Leadership Team	Kerry Llewellyn	Support Lead
	Bryan Peterson	Education and Outreach Lead
	Esther Renwick	Sales and Communications Lead <i>Resigned 22 December 2023</i>
	Jonathan Ritch	Production and Facilities Lead <i>Career break 1 October 2023</i>
	Wendy Tulloch	Customer Experience Lead
Address	Shetland Arts Development Agency Mareel Lerwick Shetland ZE1 0WQ	
Auditors	RSM UK Audit LLP St Olaf's Hall Church Road Lerwick Shetland ZE1 0FD	
Bankers	Clydesdale Bank plc 106 Commercial Street Lerwick Shetland ZE1 0JJ	
Solicitors	Harper Macleod St Olaf's Hall Church Road Lerwick Shetland ZE1 0FD	
Founding Trust Deed	Registered on 13 January 2006	
Charitable Status	Scottish Charity No. SC037082	

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document and Organisation

Shetland Arts Development Agency is an unincorporated Registered Scottish Charity, constituted under a trust deed. The organisation is governed by a board of trustees who are responsible for long-term planning and strategic decision making, delegating the day-to-day operational decision making to the Chief Executive.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2024

Appointment of Trustees, their Induction and Training

The trustees meet bi-monthly to administer the activities of the Agency. During the year the Trust Deed required the board to be comprised of a minimum of seven trustees, and a maximum of thirteen. Each trustee shall hold office for a period of three years with power to be re-appointed for a further period of three years. Trustees will retire on the third anniversary of their appointment. In the event of appointment for that further period, such trustees will not be eligible for appointment for a period of three years thereafter. The appointment of new trustees will be the job of a Nominations Committee constituted by three of the serving trustees. Trustees are normally recruited following public advertisement. The positions of Chair and Vice Chair are voted on by the existing trustees, and these office holders serve in accordance with the Agency's Standing Orders.

The trustees make decisions by majority vote at their meetings. The board holds meetings every two months with a more detailed information session on specific topics of interest in the months between.

New trustees receive individual induction from the Leadership Team on appointment and are encouraged to undertake training as appropriate to their role.

Pay Policy for Senior Staff

The trustees consider that the charity's trustees and Leadership Team comprise the key management personnel of the charity in charge of direction and controlling, running and operating the charity on a day-to-day basis. The Leadership Team comprises the Chief Executive, Commissioning Lead, Education and Outreach Lead, Sales and Communications Lead, Customer Experience Lead, Production and Facilities Lead and Support Lead. All trustees give their time freely and no trustee received remuneration in the year. Details of trustee's expenses are disclosed in note 19 of the accounts.

The pay of the senior staff is reviewed annually. The pay rates are benchmarked against third sector averages in Shetland. The pay of the Chief Executive is set by the trustees.

Related Parties

Shetland Arts Development Agency is funded by the Shetland Charitable Trust to deliver arts services to the community in line with the Shetland Cultural Strategy's three themes of Access: Participation and Potential; Creativity and Heritage; and Learning, Economy and Regeneration.

Shetland Arts Development Agency also receives revenue funding from Creative Scotland, dependent upon its submission to them of an annual programme of activities. This programme must meet Creative Scotland's own objectives, which are to support excellence in artistic and creative practice, to improve access to, and participation in arts and creative activity, and to develop and sustain a thriving environment for the arts, screen and creative industries.

Shetland Arts IP C.I.C., a Community Interest Company, was incorporated on 25 July 2011. The Company is wholly owned by Shetland Arts Development Agency and was set up as a means to secure the intellectual property rights over films, books, music, etc. and ensure that any profits generated in this way can be retained for the good of Shetland. During the financial year, the company's transactions were not material to the group, so consolidation of the figures was not required.

Risk Management

The Trustees have assessed the major risks to which the charity is exposed and are satisfied that systems are in place to mitigate our exposure to the major risks. The new risk of climate change has been added during the year. The table below highlights the risks the board have identified as being the most significant.

Risk Title	Risk Detail	Mitigation
Leadership	Loss of key leaders or key individuals that the organisation depends upon and cannot be replaced easily	Tracking staff satisfaction Appropriate pay and terms and conditions Development opportunities Good national profile to enable recruitment Board recruitment

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2024

Risk Title	Risk Detail	Mitigation
Lack of Governance	Governance arrangements have little or no systems in place to identify and monitor compliance	Regular board meetings with standard key reports from each member of the SMT Reviewing arrangements in line with the Scottish Governance Code and working towards achievement of the Good Governance Award
Loss of stakeholder confidence / trust	Risk that an incident or situation creates an environment whereby confidence is eroded or lost	Business continuity planning Access to specialist communications freelancers Good informed relationship with stakeholders
Finance	Unexpected shortfall in funding to income affecting the ability to deliver against medium-term plans	Ensuring we are fully informed about the funding landscape Ability to raise funds from alternative sources Focus on traded/commercial income Delivering on funding agreements Ensuring funding is claimed in a timely fashion
Estates	Large unexpected estates issues	Proactive asset management Regular maintenance
Legal / Regulations	Breach of legal or licencing conditions	Trained staff Use of specialist contractors Use of auditors Proactive relationship with licencing body
Climate Change	Risk to organisation sustainability in the face of ongoing climate change impacts	Use of Hybrid Working Use of online meetings with partners Invest in facilities to reduce carbon usage Carbon budgeting

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the annual Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP (FRS 102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2024

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution.

They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements might differ from legislation in other jurisdictions.

Approved by the board of trustees on 27 June 2024 and signed on their behalf by:

Chairperson

SHETLAND ARTS DEVELOPMENT AGENCY

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

31 MARCH 2024

Opinion

We have audited the financial statements of Shetland Arts Development Agency (the 'charity') for the year ended 31 March 2024 which comprise Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2024 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

SHETLAND ARTS DEVELOPMENT AGENCY

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

31 MARCH 2024

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' annual report; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 14 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks, that the charity operates in and how the charity is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

SHETLAND ARTS DEVELOPMENT AGENCY

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

31 MARCH 2024

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the charity's governing document and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Employment Act 2008 and Health and Safety at Work Act 1974. We performed audit procedures to inquire of management whether the charity is in compliance with these law and regulations and inspected the client's risk register for controls in place, as well as checking external registrations and payroll calculations.

The audit engagement team identified the risk of management override of controls and valuation of revenue as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed in connection with management override included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates. In relation to revenue recognition we have tested grant letters and documentation in relation to ancillary revenue.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
St Olafs Hall
Church Road
Lerwick
Shetland Isles
ZE1 0FD

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

SHETLAND ARTS DEVELOPMENT AGENCY

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating Income and Expenditure Account)

for the year to 31 MARCH 2024

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2023 £
INCOME from:						
Donations	3	4,387	-	-	4,387	1,782
Charitable activities	4	250,000	1,003,989	174,622	1,428,611	1,601,704
Other trading activities	5	1,211,791	-	-	1,211,791	1,053,778
Investments	6	13,926	-	-	13,926	2,373
Total Income		1,480,104	1,003,989	174,622	2,658,715	2,659,637
EXPENDITURE on:						
Raising funds	7	303,545	-	-	303,545	234,071
Charitable activities	8	1,759,750	970,870	-	2,730,620	2,978,616
Total Expenditure		2,063,295	970,870	-	3,034,165	3,212,687
NET INCOME/(EXPENDITURE)		(583,191)	33,119	174,622	(375,450)	(553,050)
Transfers between funds		583,191	-	(583,191)	-	-
NET INCOME/(EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		-	33,119	(408,569)	(375,450)	(553,050)
OTHER RECOGNISED GAINS AND LOSSES:						
Actuarial gains/(losses) on defined benefit pension schemes	18	450,000	-	-	450,000	2,261,000
Net movement in funds		450,000	33,119	(408,569)	74,550	1,707,950
Reconciliation of funds:						
Total funds brought forward		676,205	292,934	8,051,075	9,020,214	7,312,264
Total funds carried forward		1,126,205	326,053	7,642,506	9,094,764	9,020,214
		=====	=====	=====	=====	=====

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

SHETLAND ARTS DEVELOPMENT AGENCY

Charity Registration No. SC037082

BALANCE SHEET

31 March 2024

	Note	2024 £	2024 £	2023 £	2023 £
FIXED ASSETS					
Tangible assets	12		7,456,469		7,989,700
Investments	13		1		1
TOTAL FIXED ASSETS			7,456,470		7,989,701
CURRENT ASSETS					
Stock	14	19,152		22,765	
Debtors	15	590,799		559,464	
Cash at bank and in hand		355,747		227,723	
TOTAL CURRENT ASSETS		965,698		809,952	
LIABILITIES					
Creditors: Amounts falling due within one year	16	(317,297)		(298,513)	
NET CURRENT ASSETS			648,401		511,439
TOTAL ASSETS LESS CURRENT LIABILITIES			8,104,871		8,501,140
Creditors: Amounts falling due after more than one year	17		(20,107)		(40,926)
NET ASSETS EXCLUDING PENSION ASSET/LIABILITY			8,084,764		8,460,214
Defined benefit pension scheme asset/(liability)	18		1,010,000		560,000
TOTAL NET ASSETS			9,094,764		9,020,214
			=====		=====
THE FUNDS OF THE CHARITY:	20				
Capital restricted fund			7,642,506		8,051,075
Restricted fund			326,053		292,934
Unrestricted funds:					
Unrestricted income funds excluding pension reserve		116,205		116,205	
Pension reserve		1,010,000		560,000	
Total unrestricted funds			1,126,205		676,205
TOTAL CHARITY FUNDS			9,094,764		9,020,214
			=====		=====

These financial statements were approved by the board of trustees and authorised for issue on 27 June 2024 and are signed on their behalf by:

Trustee

Trustee

SHETLAND ARTS DEVELOPMENT AGENCY

STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	<i>Note</i>	2024 £	2023 £
Cash flows used in operating activities:	24	205,566	(158,555)
Net cash provided by operating activities		205,566	(158,555)
Cash flow from investing activities:			
Interest from investments		13,926	2,373
Purchase of property, plant and equipment		(69,695)	(38,892)
Net cash used in investing activities		(55,769)	(36,519)
Cash flows from financing activities:			
Repayments of borrowing		(19,928)	(19,580)
Interest paid		(1,845)	(3,110)
Net cash provided by/(used in) financing activities		(21,773)	(22,690)
Change in cash and cash equivalents in the reporting period		128,024	(217,764)
Cash and cash equivalents at the beginning of the reporting period		227,723	445,487
Cash and cash equivalents at the end of the reporting period		355,747	227,723
Analysis of cash and cash equivalents		2024 £	2023 £
Cash in hand		4,231	4,652
Cash at bank including overdrafts		351,516	223,071
Total cash and cash equivalents		355,747	227,723

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

1. PRINCIPAL ACCOUNTING POLICIES

Basis of Accounting

The accounts are prepared under the historical cost convention (with the exception of pianos which are included at market value and the Weisdale Mill which is included at deemed cost) and include the results of the charity's operations which are described in the Trustees' Report and all of which are continuing.

In preparing the financial statements the charity follows best practice as laid down in the Accounting and Reporting by Charities: Statement of Recommended Practice, applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (as amended for accounting periods commencing 1 January 2019) (the SORP), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 (as amended) except as noted below.

Shetland Arts Development Agency meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared in compliance with FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The functional currency of Shetland Arts Development Agency is considered to be pounds sterling because that is the currency of the primary economic environment in which the charity operates.

All figures within the financial statements are rounded to the nearest pound except figures in note 18 where rounding is to the nearest £1,000.

Consolidation

The financial statements have been prepared for Shetland Arts Development Agency as an entity and in accordance with the SORP module 24. Group accounts have not been prepared on the basis that there is no statutory requirement to prepare group accounts as the results of the subsidiary undertaking is not material to the group.

Critical Accounting Estimates and Areas of Judgement

The following judgements and estimates have had the most significant effect on the amount recognised in the financial statements.

The trust has recognised a defined benefit pension scheme asset on the balance sheet. At 31 March 2024 the gross asset was £1,010,000 (2023: £560,000). Changes to the actuarial assumptions could result in material changes within the next financial year.

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. These are re-assessed and amended when necessary.

Going Concern

The income of the organisation has not recovered to pre-COVID levels and it is felt it will not return fully. The Leadership Team have prepared cash flow projections for the next 12 months from the date of signing of the accounts and these show there will be sufficient cash, based on expected income and expenditure levels. The key assumptions underpinning these forecasts are the level of trading income earned and the receipt of funding from Shetland Charitable Trust beyond 2024/25, together with the ability to reduce costs. The anticipated level of trading income is based on industry expectations. The Shetland Charitable Trust funding was assumed at current rates on the basis of Shetland Arts Development Agency being a named organisation within its funding strategy.

Based on the charity's cash flow forecasts and the anticipated outcome of the matters described, the trustees have concluded that there is a reasonable expectation that the charity has adequate financial resources to operate for the foreseeable future. Accordingly, the financial statements of the charity have been prepared on a going concern basis.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Income

Income is included in the Statement of Financial Activities when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred. The following policies are applied to particular categories of income:

Donations, legacies and similar incoming resources are included in the year in which they are receivable, which is when the charity becomes entitled to the resource.

Capital Grants

Capital grants are taken into account when they become receivable.

Revenue Grants

Revenue grants are taken into account when they become receivable.

The value of volunteer help received is not included in the accounts but is described in the annual Trustees' Report.

Expenditure

All expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. It is probable that settlement will be required and the amount of the obligation can be measured reliably. All costs have been directly attributed to one of the functional categories of resources expended in the Statement of Financial Activities.

Support Costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include staff salaries, overheads and governance costs which support the charity's activities.

All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource.

Termination Benefits

Termination benefits are payable when employment is terminated by the charity before the normal retirement date, or whenever an employee accepts voluntary redundancy. Such benefits are recognised when the charity is demonstrably committed to terminating the employment without withdrawal or when an offer of voluntary redundancy is accepted.

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are accounted for in the Statement of Financial Activities within resources expended on a straight line basis over the period of the lease, with the exception of the rent payable to Shetland Islands Council under the sub-lease of Mareel, which is netted off against rent receivable from Shetland Islands Council under the head-lease, as explained in note 22.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Tangible Fixed Assets

No single equipment purchase with a cost below £500 is to be capitalised. Any item of equipment costing more than £500 is initially stated at cost.

Paintings are not depreciated as they are considered to have a useful life of greater than 50 years and therefore any depreciation is considered immaterial. The trustees consider that this departure from United Kingdom Generally Accepted Accounting Practice (UK GAAP) is necessary in order to provide a true and fair view.

The pianos were re-valued on 31 March 2011. The valuations were based on a review of second-hand piano sellers' websites and were carried out by Sheila Duncan, who was an internal employee of Shetland Arts Development Agency and is not a qualified valuer.

Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life. The estimated useful lifetime of assets was calculated as:

Heritable Property – Weisdale Mill – 50 years
Heritable Property – Mareel building – 24 years
Plant and Equipment – 5 to 10 years
Computer Equipment – 3 to 5 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life.

Investments

Investments in subsidiary undertakings are initially capitalised at cost.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

Debtors

Trade and other debtors that are receivable within one year are recognised at the settlement amount due after any trade discount offered. Pre-payments are valued at the amount pre-paid net of any trade discounts.

Cash at bank and in hand

Cash at bank and in hand is held to meet the short-term commitments as they fall due rather than for any investment purposes.

Liabilities

Liabilities arise from legal or constructive obligations that commit the charity to expenditure. A liability and related expenditure is recognised when all of the following criteria are met:

- Obligation – a present legal or constructive obligation exists at the reporting date as a result of a past event;
- Probable – it is more likely than not that a transfer of economic benefits, often cash, will be required in settlement; and
- Measurement – the amount of the obligation can be measured or estimated reliably.

Liabilities that are classified as payable within one year on initial recognition are measured at the undiscounted amount of cash or other consideration expected to be paid. Amounts are included in liabilities when authorised and committed.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Value Added Tax

Irrecoverable value added tax is written off when the expenditure to which it relates is incurred.

Retirement Benefits

Eligible employees of the Shetland Arts Development Agency are members of the Local Government Pension Scheme, a multi-employer defined benefit statutory scheme, administered by Shetland Islands Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended. The contributions to the scheme are charged to the statement of financial activities so as to spread the cost of pensions over the service lives of employees.

Funds

With the adoption of the statement of recommended practice, funds require to be classified between restricted funds which are subject to specific terms as to their use laid down by the donor, and unrestricted funds which can be used at the discretion of the trustees in the furtherance of the objectives of the trust.

Restricted Capital Funds are grant funding that has been received in respect of specific capital expenditure. A transfer is made from this fund to show the amortisation of this funding over the useful estimated lifetime of the assets to which the funding applied. This transfer is made to unrestricted reserves as the depreciation of assets is recorded here.

Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2. LEGAL STATUS OF THE CHARITY

Shetland Arts Development Agency is an unincorporated registered Scottish charity constituted by its trust deed. The charity's address and details of its operations and principal activities are detailed within the Trustees' Report.

3. DONATIONS

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2023 £
Donations	4,387	-	-	4,387	1,782
	4,387	-	-	4,387	1,782
	=====	=====	=====	=====	=====

Donations of £1,782 were included in unrestricted funds in 2023.

The charity benefits greatly from the involvement and enthusiastic support of its many volunteers, details of which are given in the Trustees' Report. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the financial statements.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

4. CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2023 £
Shetland Charitable Trust	-	851,145	160,760	1,011,905	1,094,786
Creative Scotland revenue funding	250,000	8,410	-	258,410	404,858
Creative Scotland project funding	-	4,500	-	4,500	7,371
Local Authority – project funding	-	13,337	-	13,337	44,475
Other public funds	-	126,597	13,862	140,459	50,214
	250,000	1,003,989	174,622	1,428,611	1,601,704
	=====	=====	=====	=====	=====

Creative Scotland funding of £250,000 and other public funding of £2,622 were unrestricted in 2023. All other charitable activities income in 2023 was restricted.

5. OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2023 £
Business sponsorships	6,575	-	-	6,575	2,950
Box office/programme	405,569	-	-	405,569	359,055
Ancillary earned income	632,714	-	-	632,714	521,949
Other income	166,933	-	-	166,933	169,824
	1,211,791	-	-	1,211,791	1,053,778
	=====	=====	=====	=====	=====

Other income of £1,053,778 was included in unrestricted funds in 2023.

6. INVESTMENTS

All the charity's investment income arises from money held in interest bearing deposit accounts.

7. RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2023 £
Catering stock purchases	262,864	-	-	262,864	192,134
Shop and gallery stock purchases	40,681	-	-	40,681	41,937
	303,545	-	-	303,545	234,071
	=====	=====	=====	=====	=====

All raising funds expenditure in 2023 was unrestricted.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

8. CHARITABLE ACTIVITIES

	Notes	Unrestricted Funds £	Restricted Funds £	Capital Funds £	Total Funds £	2023 £
Direct service provision	8a	932,093	360,064	-	1,292,157	1,576,357
Grant funding	8b	-	4,750	-	4,750	5,750
Support costs	8c	827,657	606,056	-	1,433,713	1,396,509
		<u>1,759,750</u>	<u>970,870</u>	<u>-</u>	<u>2,730,620</u>	<u>2,978,616</u>
		=====	=====	=====	=====	=====
a. Direct Service Provision						
Development expenditure		333,148	76,192	-	409,340	637,387
Operations expenditure		596,769	283,872	-	880,641	933,849
Strategic marketing		2,176	-	-	2,176	5,121
		<u>932,093</u>	<u>360,064</u>	<u>-</u>	<u>1,292,157</u>	<u>1,576,357</u>
		=====	=====	=====	=====	=====
b. Grant Funding						
Grants paid to individuals		-	4,750	-	4,750	5,750
		=====	=====	=====	=====	=====
The grants made during the year relate to the Visual Arts and Craft Award Scheme. This scheme is made possible through funding from Creative Scotland and Shetland Islands Council.						
c. Support Costs						
Support staff salaries and other staffing costs		24,578	309,669	-	334,247	340,757
Overheads		803,079	281,366	-	1,084,445	1,042,202
Governance costs		-	15,021	-	15,021	13,550
		<u>827,657</u>	<u>606,056</u>	<u>-</u>	<u>1,433,713</u>	<u>1,396,509</u>
		=====	=====	=====	=====	=====

Of the total Charitable Activities expenditure of £2,978,616 in 2023, £1,348,458 was restricted and £1,630,158 was unrestricted.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

9. ANALYSIS OF GOVERNANCE COSTS

	2024 £	2023 £
<i>Auditor remuneration:</i>		
Audit	12,615	11,900
Accounting services	-	-
<i>Non auditor fee:</i>		
Accounting services	2,406	1,650
	<u>15,021</u>	<u>13,550</u>
	=====	=====

10. ANALYSIS OF STAFF COSTS

	2024 £	2023 £
Salaries and wages	1,039,644	1,112,157
Social security costs	74,094	82,774
Pension costs	195,973	209,133
	<u>1,309,711</u>	<u>1,404,064</u>
	=====	=====

One employee received emoluments of over £70,000 during the year (2023: one employee received emoluments of over £60,000 during the year)

The average number of staff was:	2024	2023
	73	73
	===	===

The charity operated a defined contribution pension scheme during the year as well as the defined benefit pension scheme referenced in note 18. Total amounts of £6,010 (2023 - £3,916) were recognised in the Statement of Financial Activities in the year. The expense and liability is allocated in line with the activities of those staff members contributions relate to.

11. ANALYSIS OF MOVEMENT IN DEFERRED INCOMING RESOURCES

	Opening Balance £	Deferred in Year £	Released in Year £	Closing Balance £
Advance sales	30,909	14,381	(30,909)	14,381
Shetland UHI	-	19,721	-	19,721
Shetland Amenity Trust	3,000	-	(3,000)	-
Shetland Islands Council	1,250	-	(1,250)	-
	<u>35,159</u>	<u>34,102</u>	<u>(35,159)</u>	<u>34,102</u>
	=====	=====	=====	=====

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

12. TANGIBLE FIXED ASSETS

	Heritable Property £	Equipment £	Pianos £	Paintings £	Total £
Cost/valuation					
As at 1 April 2023	13,191,816	1,273,175	42,800	2,862	14,510,653
Additions	-	69,695	-	-	69,695
Disposals	-	(36,001)	-	-	(36,001)
As at 31 March 2024	13,191,816	1,306,869	42,800	2,862	14,544,347
Depreciation					
As at 1 April 2023	5,387,203	1,133,750	-	-	6,520,953
Charge for year	543,746	57,862	-	-	601,608
Disposals	-	(34,683)	-	-	(34,683)
As at 31 March 2024	5,930,949	1,156,929	-	-	7,087,878
Net book amount					
31 March 2024	7,260,867	149,940	42,800	2,862	7,456,469
	=====	=====	=====	=====	=====
31 March 2023	7,804,613	139,425	42,800	2,862	7,989,700
	=====	=====	=====	=====	=====

The pianos were re-valued on 31 March 2011. The valuations were based on a review of second-hand piano sellers' websites and were carried out by Sheila Duncan, who was an internal employee of Shetland Arts Development Agency and is not a qualified valuer. The trustees are not aware of any material changes since the last valuation of pianos.

The historic cost of the pianos was £44,255.

Included within the net book value of Heritable Property of £7,260,867 (2023 - £7,804,613) are assets with restricted title or pledged as security for liabilities. The Mareel building, with a net book value of £7,043,500 (2023 - £7,581,857) has been granted as security over a 99-year grant, the conditions of which are discussed further in note 22. The Weisdale Mill building, with a net book value of £215,561 (2023 - £220,950) has been granted as security over the bank loan included in Creditors.

13. INVESTMENTS

	Investment in Subsidiary £
Cost	
As at 1 April 2023 and 31 March 2024	1
	==

On 25 July 2011, Shetland Arts Development Agency purchased 1 ordinary share of £1 in Shetland Arts IP C.I.C. (company number: SC404044), representing a 100% interest. Shetland Arts IP C.I.C. is a community interest company which was set up as a means of securing intellectual property rights over films, books, music, etc. pertaining to Shetland in order to ensure that any profits generated therefrom can be retained for the good of Shetland.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

13. INVESTMENTS (Continued)

As at 31 March 2024, Shetland Arts IP C.I.C. had not yet commenced its activities. At 31 March 2024 the aggregate reserves of Shetland Arts IP C.I.C. amounted to a net deficit of £2,558 (2023 – net deficit of £2,558 and the loss for the year to that date was nil (2023 – nil).

14. STOCK

	2024 £	2023 £
Goods for resale	19,152 =====	22,765 =====

15. DEBTORS

	2024 £	2023 £
Trade debtors	52,968	32,524
Amount due by subsidiary undertaking	3,850	3,509
Other debtors	4,250	4,250
Pre-payments and accrued income	526,691	519,181
VAT	3,040	-
	=====	=====
	590,799	559,464

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 £	2023 £
Trade creditors	118,293	118,835
Other creditors	61,491	47,568
Accruals	67,552	57,353
Deferred income	34,102	35,159
Bank loans	20,528	19,637
PAYE & NIC	15,331	19,943
VAT	-	18
	=====	=====
	317,297	298,513

Deferred income is recognised in circumstances where the charity is not yet entitled to the income. A reconciliation of this balance can be seen at note 11.

17. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2024 £	2023 £
Bank loans (falling due in less than 5 years)	20,107	40,926
Bank loans (falling due after 5 years)	-	-
	=====	=====
	20,107	40,926

The bank loan is secured on the Weisdale Mill building.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

18. PENSION SCHEME

Shetland Arts Development Agency provides pension arrangements to eligible employees through a multi-employer defined benefit statutory scheme and the related costs are assessed in accordance with the advice of Hymans Robertson, Independent Qualified Actuaries.

The latest formal valuation of the Fund was at 31 March 2023 and this is updated on a triennial basis. A summary of the membership data used and the benefits valued at the latest formal valuation are set out in the formal valuation report. Hymans Robertson has reviewed the most recent full actuarial valuation at 31 March 2023 and has updated it annually at the charity's balance sheet date to reflect current conditions.

Assumptions as at	2024	2023
Inflation/pension increase rate	2.75%	2.95%
Salary increases	2.75%	3.05%
Discount rate	4.85%	4.75%

The discount rate used to place a value on the liabilities is determined by reference to market yields on high quality corporate bonds at the reporting date. The approach adopted by Hymans Robertson to setting the discount rate involved constructing a corporate bond yield curve based on the constituents of the iBoxx AA corporate bond index.

Mortality Assumptions	2024 Years	2023 Years
Longevity at age 65 for current pensioners		
Men	20.7	20.3
Women	24.5	22.7
Longevity at age 65 for future pensioners		
Men	21.9	21.6
Women	25.2	24.8

Assets (Employer Share)

	Percentage 2024	Fund value at 2024 £ 000	Percentage 2023	Fund value at 2023 £ 000
Equities	78%	4,318	86%	4,041
Bonds	12%	664	3%	141
Property	9%	498	10%	470
Cash	1%	56	1%	47
	=====	=====	=====	=====
Total	100%	5,536	100%	4,699
	=====	=====	=====	=====

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

18. PENSION SCHEME (Continued)

Net Pension Liability as at	2024	2023
	£ 000	£ 000
Fair value of employer assets	5,536	4,699
Present value of funded liabilities	(4,337)	(3,951)
	<hr/>	<hr/>
Net over funding in funded plans	1,199	748
Present value of unfunded liabilities	(189)	(188)
Unrecognised past service cost	-	-
	<hr/>	<hr/>
Net asset/(liability)	1,010	560
	=====	=====
Amount in the balance sheet		
Liabilities	-	-
Assets	1,010	560
	<hr/>	<hr/>
Net Pension asset/(liability)	1,010	560
	=====	=====
Amounts recognised in the SOFA	2024	2023
	£ 000	£ 000
Current service cost	(147)	(421)
Net interest cost	28	(50)
Plan introductions, changes, curtailments and settlements	194	208
Remeasurements:		
Changes in demographic assumptions	(14)	42
Changes in financial assumptions	307	3,041
Other experience	(405)	(410)
Return on assets excluding amounts included in net interest	487	(149)
	<hr/>	<hr/>
	450	2,261
	=====	=====
Actual return on plan assets	2024	2023
	£ 000	£ 000
Return on assets excluding amounts included in net interest	487	(149)
Interest income on plan assets included in net interest	227	127
	<hr/>	<hr/>
Return on plan assets	714	(22)
	=====	=====

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

18. PENSION SCHEME (Continued)	2024	2023
Reconciliation of defined benefit obligation	£ 000	£000
Opening defined benefit obligation	4,139	6,253
Current service cost	147	421
Past service cost (including curtailments)	-	-
Interest cost	199	177
Member contributions	49	58
Actuarial losses/(gains)	100	(2,673)
Unfunded benefits paid	(11)	(10)
Benefits paid	(97)	(87)
	=====	=====
Closing defined benefit obligation	4,526	4,139
	=====	=====
Reconciliation of fair value of employer assets		
Opening fair value of employer assets	4,699	4,552
Interest income	227	127
Contributions by members	49	58
Contributions by the employer	183	198
Contributions in respect of unfunded benefits	11	10
Return on assets excluding amounts included in net interest	487	(149)
Other experience	(12)	-
Unfunded benefits paid	(11)	(10)
Benefits paid	(97)	(87)
	=====	=====
Closing fair value of employer assets	5,536	4,699
	=====	=====

Shetland Arts Development Agency estimates that employer's contributions for the year to 31 March 2025 will be approximately £164,000.

Hymans Robertson confirm the figures presented above are prepared only for the purposes of Financial Reporting Standard 102 and have no validity in other circumstances. In particular, they are not relevant for calculations undertaken for funding purposes, for accounting under the International Accounting Standard IAS 19, for bulk transfers or for other statutory purposes under LGPS Regulations.

19. RELATED PARTY TRANSACTIONS

No trustee received a salary or remuneration during the year (2023 - £nil). Travelling expenses totalling £745 (2023: £nil) were claimed by trustees in the year. Trustees were paid £3,000 (2023 - £5,601) during the year for performances and commissioned work. As at 31 March 2024, a balance of £nil (2023 - £nil) was owed to trustees.

During the year, Shetland Arts Development Agency paid expenses of £208 (2023 - £208) on behalf of its subsidiary, Shetland Arts IP C.I.C. As at 31 March 2024 a balance of £3,302 (2023 - £3,094) was owed to Shetland Arts Development Agency. No interest is being accrued on this loan. It will be repaid when income is generated in the Community Interest Company.

During the year, Shetland Arts Development Agency paid expenses of £133 (2023 - £133) on behalf of its subsidiary, Shetland Weathers LLP. As at 31 March 2024 a balance of £568 (2023 - £435) was owed to Shetland Arts Development Agency.

The trustees consider that the charity's trustees and Leadership Team comprise the key management personnel of the charity in charge of direction and controlling, running and operating the charity on a day-to-day basis. The Leadership Team comprises the Chief Executive, Commissioning Lead, Education and Outreach Lead, Sales and Communications Lead, Customer Experience Lead, Production and Facilities Lead and Support Lead. The total employee benefits of the key management personnel were £340,612 (2023 - £402,124).

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

20. ANALYSIS OF MOVEMENTS BETWEEN FUNDS

	Funds as at 1 April 23 £	Incoming Resources £	Resources Expended £	Other gains and losses £	Transfers	Funds as at 31 March 24 £
Unrestricted funds:						
General	68,491	1,480,104	(2,063,295)	-	583,191	68,491
Designated	47,714	-	-	-	-	47,714
Pension reserve	560,000	-	-	450,000	-	1,010,000
Total unrestricted funds	676,205	1,480,104	(2,063,295)	450,000	583,191	1,126,205
Restricted funds:						
Shetland Film Club	1,705	-	-	-	-	1,705
Shetland Charitable Trust	(54)	851,145	(851,091)	-	-	-
Shetland Charitable Trust – Capital Grant Scheme	59,000	-	(15,600)	-	-	43,400
Trad Big Band	2,435	-	-	-	-	2,435
Culture Collective	63,252	-	(35,622)	-	-	27,630
Leadership Training	-	14,092	(14,092)	-	-	-
Corra Foundation	4,146	-	-	-	-	4,146
Robertson Trust	3,109	-	(3,109)	-	-	-
Dispecta Est Thule	-	500	-	-	-	500
Xchange	12,237	-	(6,949)	-	-	5,288
Visual Arts and Craft Makers Awards	1,660	7,875	(4,750)	-	-	4,785
Independent Cinema Recovery Fund	-	8,410	(8,410)	-	-	-
Recovery Fund for Cultural Organisations	142,472	-	-	-	-	142,472
Summer of Play	2,972	-	-	-	-	2,972
Remembering Together	-	100,000	(9,280)	-	-	90,720
Knab Creative Project Officer	-	22,571	(22,571)	-	-	-
Winter Warmers	-	(1,339)	1,339	-	-	-
Business Development	-	735	(735)	-	-	-
Total restricted funds	292,934	1,003,989	(970,870)	-	-	326,053
Restricted capital fund	8,051,075	174,622	-	-	(583,191)	7,642,506
Total Funds as at 31 March 2024	9,020,214 =====	2,658,715 =====	(3,034,165) =====	450,000 =====	- =====	9,094,764 =====

With the adoption of the statement of recommended practice, funds require to be classified between restricted funds which are subject to specific terms as to their use laid down by the donor, and unrestricted funds which can be used at the discretion of the trustees in the furtherance of the objectives of the trust.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

20. ANALYSIS OF MOVEMENTS BETWEEN FUNDS (continued)

Restricted Capital Funds are grant funding that has been received in respect of specific capital expenditure. A transfer is made from this fund to show the amortisation of this funding over the useful estimated lifetime of the assets to which the funding applied. This transfer is made to unrestricted reserves as the depreciation of assets is recorded here.

The Shetland Film Club restricted fund was created from a donation from the Shetland Film Club on its wind up. The funds are restricted for use on the rural touring of film. No rural film touring was undertaken in the year meaning there was no movement on this fund.

The Shetland Charitable Trust fund directly relates to the annual core funding received from Shetland Charitable Trust and was fully utilised in the year. This reserve was negative in at the year end due to an over allocation of costs but will this will be rectified in the coming year.

The Shetland Charitable Trust Capital Grant Scheme fund relates to funding agreed with the Shetland Charitable Trust for maintenance works that are yet to take place. The works will be completed during 2023/24 and 2024/25.

The Trad Big Band restricted fund relates directly to the Trad Big Band project. No projects undertaken in the year fit the requirements of this fund and therefore there was no movement.

The Culture Collective fund relates to the Culture Collective Project. This project was initially run throughout the 2021/22 financial year however an extension to this fund was agreed in March 2022 which saw the project continue for the 2022/23 financial year as well as Q1 of 2023/24.

The Leadership Training fund was created due to funding received from Highlands and Islands Enterprise to provide Leadership training within the organisation. It was fully spent by the year end.

The Corra Foundation reserve was created due to a grant being received from this foundation for COVID wellbeing projects. The full grant has yet to be spent and the Corra Foundation has not asked for this to be repaid.

The Robertson Trust restricted reserve relates to funding received towards the organisation's Youth Arts and Wellbeing projects. This fund will be used towards Youth Arts and Wellbeing activity until it is fully utilised.

The Dispecta Est Thule fund has been created from a grant of £500 received from Lerwick Community Council for a specific exhibition. This exhibition will take place in May 2024.

The Xchange restricted fund has been created from funding received from the British Council and Arts Curator fund for an artist's exchange and residency between Shetland and Texas. Due to unforeseen circumstances this project has been significantly delayed meaning the full fund is yet to be used. The travel is planned for late 2024.

The Visual Arts and Craft Makers Awards restricted fund continues to be used to make awards to local craft makers and is an ongoing project.

The Independent Cinema Recovery fund was created by funding from Creative Scotland to support the reopening of cinemas and encourage audiences back. The funds were used to run a marketing campaign during the 2022/23 year and is now complete.

The Recovery Fund for Cultural Organisations was created by funding from Creative Scotland to support the organisation in its recovery from COVID-19. Part of the funding was available to increase organisational reserves which is why there has been no movement. In the future the fund may be used in line with the other eligible cost areas for the grant.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

20. ANALYSIS OF MOVEMENTS BETWEEN FUNDS (continued)

The Summer of Play reserve was created through funding received to encourage children to take part in activity in summer 2021. The project expenses were not as great as anticipated and no reclaim has been sought from the funder.

The Remembering Together reserve was created to support the delivery of phase one of the COVID memorial for Shetland. Phase one of the project was complete at the year end.

The Winter Warmer reserve was created to deliver free cinema screenings under the Winter Activities Fund set up by Shetland Islands Council. This project was complete at the year end.

The Knab Creative Project Officer reserve was set up to support the secondment of a staff member to work as the Knab Creative Project Officer. This secondment is for two years and is due to be completed in March 2024.

As per the reserves policy of the organisation, in prior years, 50% of the unrestricted operating surplus after the deficit on unrestricted funds was cleared has been designated to a new Assets Replacement and Repair Reserve. These funds will be used in conjunction with the SCT Capital Grant Funding to undertake repairs to SADA venues. No designation was made in the year to 31 March 2024.

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Unrestricted Pension Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £
2024					
Fixed Assets	72,780	-	-	7,383,690	7,456,470
Current Assets	380,829	-	326,053	258,816	965,698
Current Liabilities	(317,297)	-	-	-	(317,297)
Long-Term Liabilities	(20,107)	-	-	-	(20,107)
Pension Asset	-	1,010,000	-	-	1,010,000
	=====	=====	=====	=====	=====
Total Net Assets	116,205	1,010,000	326,053	7,642,506	9,094,764
	=====	=====	=====	=====	=====
2023					
Fixed Assets	76,626	-	-	7,913,075	7,989,701
Current Assets	379,018	-	292,934	138,000	809,952
Current Liabilities	(298,513)	-	-	-	(298,513)
Long-Term Liabilities	(40,926)	-	-	-	(40,926)
Pension Asset	-	560,000	-	-	560,000
	=====	=====	=====	=====	=====
Total Net Assets	116,205	560,000	292,934	8,051,075	9,020,214
	=====	=====	=====	=====	=====

Included within restricted capital funds are amounts of £599,653 (2023 - £645,486) relating to the lease premium received from Shetland Islands Council during the year ended 31 March 2014.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

22. OPERATING LEASES

At 31 March 2024 the charity had total future commitments under non-cancellable operating leases as set out below:

	2024 Land & Buildings £	Other items £	2023 Land & Buildings £	Other items £
Operating leases which expire:				
Within 1 year	-	10,938	-	14,375
Within 2 to 5 years	-	17,906	-	31,089
	-----	-----	-----	-----
	-	28,844	-	45,464
	=====	=====	=====	=====

	2024 Plant & Machinery	Other items	2023 Plant & Machinery	Other items
Operating lease payment made in the year	13,454	-	14,643	-
	-----	-----	-----	-----
	13,454	-	14,643	-
	=====	=====	=====	=====

On 27 May 2013, a lease was granted by Shetland Arts Development Agency to Shetland Islands Council (SIC) over the subjects at Mareel. The Lease term is 99 years with the tenant being the SIC. A premium of £1,100,000 (plus VAT) was payable with an annual rent being £90,000 (this will be reviewed every five years). The SIC has the option to buy Mareel for £1 after 1 May 2037 when the grant conditions for Creative Scotland expire. This option is secured. Further to this, a sub-lease has been granted by the SIC back to Shetland Arts Development Agency for 24 years to 1 May 2037, with rent being the same as the head lease. There is an option to terminate this sub-lease on six months' notice.

23. FINANCIAL INSTRUMENTS

The carrying amount for each category of financial instrument, measured at amortised cost, is as follows:

	2024 £	2023 £
Financial liabilities		
Loan payable falling due within 1 year	20,528	19,637
Loan payable falling due between 2 – 5 years	20,107	40,926
	-----	-----
	40,635	60,563
	=====	=====

The loan financing is in the form of one secured loan and one unsecured loan. The secured loan has a variable interest rate (being 4% per annum over the Bank's base rate) and is due to finish in November 2025. The unsecured loan has a fixed interest rate of 2.5% and is due to finish in May 2026. The total interest paid during the year was £1,845 (2023 - £3,110).

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

24. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2024 £	2023 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(375,450)	(553,050)
Adjustments for:		
Interest received	(13,926)	(2,373)
Interest paid	1,845	3,110
Depreciation charges	601,608	593,365
Loss on sale of fixed assets	1,318	-
(Increase)/decrease in stocks	3,613	(1,432)
(Increase)/decrease in debtors	(31,335)	(188,595)
Increase/(decrease) in creditors	17,893	(9,580)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	205,566 =====	(158,555) =====

	2023 £	Cash flows £	Non cash movements £	2024 £
Cash and cash equivalents	227,723	128,024	-	355,747
Bank borrowings due within one year	(19,637)	19,928	(20,819)	(20,528)
Bank borrowings due after one year	(40,926)	-	20,819	(20,107)
	<hr/>	<hr/>	<hr/>	<hr/>
	167,160 =====	147,952 =====	- =====	315,112 =====

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

The following pages do not form part of the statutory financial statements
which are part of the independent auditor's report on pages 14-16.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

	£	2024 £	£	2023 £
INCOME				
Donations and business sponsorships		10,962		4,732
Revenue grants received		1,253,989		1,446,380
Interest received		13,926		2,373
Box office/programme				
Box office income	314,959		276,870	
Hire of rooms	81,805		67,915	
Membership sales	8,805		14,270	
Total		405,569		359,055
Ancillary Earned income				
Food and beverage	438,580		359,328	
Foyer	83,703		74,896	
Retail	61,321		68,659	
Box Office commission	43,620		2,819	
Exhibition sales commission	175		2,139	
Screen advertising	5,315		14,108	
Total		632,714		521,949
Other Earned income				
Education and training income	105,524		102,378	
Miscellaneous	61,409		67,446	
Total		166,933		169,824
TOTAL INCOME FOR YEAR		2,484,093		2,504,313
LESS:				
Catering purchases	262,864		192,134	
Shop and gallery purchases	40,681		41,937	
		303,545		234,071
Development expenditure:				
Programme	106,714		313,093	
Travel and subsistence	40,045		32,615	
Salaries and NIC	262,581		291,479	
Marketing	-		200	
		409,340		637,387
Surplus carried forward to next page		1,771,208		1,632,855

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

Surplus brought forward from previous page	1,771,208	1,632,855
Operations expenditure:		
Programme	112,363	109,172
Travel and subsistence	3,724	6,617
Marketing	13,001	30,096
Salaries and NIC	751,553	787,964
	<hr/>	<hr/>
	880,641	933,849
Strategic marketing	2,176	5,121
Grants paid to individuals	4,750	5,750
Support staff salaries	295,576	324,621
Other staffing costs	38,671	16,136
	<hr/>	<hr/>
	334,247	340,757
Print, postage and stationery	3,896	4,228
Small equipment purchases and hire	7,071	10,601
ICT	27,295	27,165
Operating lease - equipment	21,356	19,271
Electricity	113,920	102,160
Telephone and fax	8,003	7,914
Cleaning	60,919	54,256
Legal and professional fees	15,907	38,537
Bank charges	26,014	18,902
Publications and subscriptions	5,570	5,227
Licences	45,387	42,481
Rates	20,336	15,346
Rent	162	834
Repairs and maintenance	66,433	57,510
General overheads	1,412	22
Insurance	50,245	40,455
Website costs	1,472	1,086
Trustees expenses	745	285
Motor expenses	1,206	-
Training and meeting catering costs	2,136	-
Depreciation	601,608	593,365
Loan interest	1,845	3,110
Bad Debts written off	186	(553)
Loss/(Gain) on disposal of fixed assets	1,318	-
	<hr/>	<hr/>
	1,084,445	1,042,202
Amortisation	(583,191)	(574,450)
Governance costs	15,021	13,550
	<hr/>	<hr/>
SURPLUS/(DEFICIT) FOR THE YEAR	33,119	(133,924)
	=====	=====

6.1 Updates from Stakeholders June 2024



INTRODUCTION

This report details the following

- Updates from key stakeholders

UPDATES FROM KEY STAKEHOLDERS

Creative Scotland	None
Shetland Charitable Trust	None
Highlands and Islands Enterprise	None
Shetlands Islands Council	None

7.1 Key Upcoming Events

June 2024



EVENT DETAILS		
Date	Title	Venue
19 July 2024	When an Emotion Comes to Tea - Poetry and Visual Art Workshop	Mareel
1 August 2025	Singer Songwriter Night	Mareel
5/6 September 2024	Love the Sinner	Mareel
16 November 2024	The Willow Trio: The Swan of Salen	Mareel