
MONITORING REPORT FOR 3 MONTHS TO 30 JUNE 2023

Report by Director of Finance & Procurement

WILLIAM HILL TRUST FUND SUB-COMMITTEE

22 August 2023

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the William Hill Trust Fund for the three months to 30 June 2023, a full year projected out-turn for 2023/24, and projected balance sheet values as at 31 March 2024.**
- 1.2 Appendix 1 provides the projected income and expenditure position for 2023/24. This shows a projected surplus of £11,557 for the year.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2024. It shows a projected increase in reserves of £11,557.
- 1.4 Appendix 3 shows the value of the Aegon Asset Management Investment Fund to 30 June 2023.

2 RECOMMENDATIONS

2.1 I recommend that the Trust Fund Sub-Committee:

- (a) Notes the projected income and expenditure for 2023/24 in Appendix 1;**
- (b) Notes the projected balance sheet value as at 31 March 2024 in Appendix 2;**
- (c) Notes the current position of the Aegon Asset Management Investment Fund in Appendix 3.**

3 BACKGROUND

3.1 This report provides the Committee with financial information for the period to 30 June 2023 and projections to 31 March 2024. The report also contains a projected balance sheet for the Trust Fund as at 31 March 2024.

4 FINANCIAL POSITION 2023/24

4.1 Appendix 1 provides details on income and expenditure for the 2023/24 financial year. The projected net position for the year is a surplus of £11,557.

4.2 Income & Expenditure – Non-Property Related Income

- (a) The projected outturn position shows an amount of £170 relating to interest receivable on cash held by SBC. Also included are dividends from the Trust Funds investment in Aegon Asset Management amounting to £9,795 with the projection for 2023/24 remaining at the 5% target and the monthly distribution profile projections provided by Aegon. The position will be monitored closely with Aegon Asset Management.
- (b) Rebate income of £48 from Aegon Asset Management received in March 2023, along with the corresponding 49 units purchased in April, was accounted for in 2022/23.

4.3 Income & Expenditure – Donations from Other Trusts.

Approved budgets for 2023/24 have been calculated using an average of prior years' donations.

4.4 Income & Expenditure – Grants & Other Donations

The grants and other donations approved and distributed to 31 March 2024 are shown below:

Grant Recipients	Approved	£
Approved and Paid to 30 June 23		
Sports Champion Melrose Primary	Annual	40
Melrose Music Festival	21/03/23	1,250
Total Paid to 31 March 2024		1,290
2023/24 Budget		12,090
<i>(Unallocated)/Over allocated Budget</i>		(10,800)
2024/25 Future Commitments		
Sports Champion Melrose Primary	Annual	40

4.5 Appendix 2 provides the actual balance sheet value as at 1 April 2023, the projected movement in year and a projected balance sheet as at 31 March 2024.

4.6 Balance Sheet – Investment Fund

The fund has an 11.30% unrealised loss in market value since investment, largely due to continued volatility in investment markets. Overall, taking account of the income received, the fund has achieved a return of 16.45% since investment in February 2018.

4.7 Balance Sheet – Cash Balance

The cash held by the fund is projected to be £37,627 at 31 March 2024 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2023	26,298
Projected surplus for year from Income & Expenditure Statement	11,557
Net Cash Movement in Debtors/Creditors	0
Rebate Investment in Aegon	(228)
Projected Closing Balance at 31 March 2024	37,627

4.8 Balance Sheet – Capital Reserve

The movement in the Capital Reserves includes the unrealised gain for the Aegon Asset Management Fund as at 31 March 2023, but due to the nature of the markets no estimate has been made for the future year's movement.

5 IMPLICATIONS

5.1 Financial

There are no further financial implications other than those explained above in Section 4.

5.2 Risk and Mitigations

There is a risk that investments in the Aegon Asset Management Fund may reduce in value due to market or investment performance. This risk cannot be fully mitigated. However, it is being managed by the selection of a Fund Manager with a clear objective of preserving capital values while aiming to produce returns in line with the benchmark.

5.3 Integrated Impact Assessment

There is no impact or relevance to Equality Duty or the Fairer Scotland Duty for this report. This is a routine financial monitoring report which forms part of the governance of the management of the Trust Funds. Nevertheless, a light touch assessment has been conducted and this will be published on SBC's Equality and Diversity Pages of the website as in doing so, signifies that equality, diversity and socio-economic factors have duly been considered when preparing this report.

5.4 Sustainable Development Goals

Whilst there are no economic, social or environmental effects arising from the proposals contained in this report, there are, through the activities reported upon, positive impacts upon the economy through protection of employment, positive impacts upon the quality of community life and improvements in local amenities and nurturing of local talent. The potential improvement in levels of income through the use of the new investment fund will act to make the Trust Fund more sustainable in the future.

5.5 Climate Change

There are no effects on climate change arising from the proposals contained in this report.

5.6 Rural Proofing

There are no effects on rural proofing arising from the proposals contained in this report.

5.7 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

5.8 Changes to Scheme of Administration or Scheme of Delegation

There are no changes required to the Scheme of Administration or Scheme of Delegation arising from the proposals contained in this report.

6 CONSULTATION

6.1 The Chief Legal Officer (including as Monitoring Officer), the Chief Officer Audit and Risk, Director (People Performance & Change), the Clerk to the Council and Communications have been consulted and their appropriate comments have been incorporated into this report.

Approved by

Suzy Douglas
Director of Finance & Procurement

Author(s)

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Background Papers:

Previous Minute Reference: William Hill Trust Fund Committee 20 June 2023.

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WILLIAM HILL TRUST FUND

APPENDIX 1

PROJECTED INCOME AND EXPENDITURE 2023/24

	Actuals at 30/06/23	Full Year Approved Budget 2023/24	Full Year Projected Budget 2023/24	Over/ (Under) Spend 2023/24	Para Ref	Commentary
	£	£	£	£		
INCOME						
Non-Property Related Income						
Interest on Cash deposited with Council	(0)	(170)	(170)		4.2	Est 5% return
Investment Fund – Dividends Rec’d	(1,517)	(9,795)	(9,795)		4.2	
Misc Income	(0)	(170)	(170)		4.2	
	(1,517)	(10,135)	(10,135)			
Donations from Other Trusts						
Greenyards Trust	(0)	(300)	(300)		4.3	3 year average
Gibson Park	(0)	(13,212)	(13,212)		4.3	
	0	(13,512)	(13,512)			
TOTAL INCOME	(1,517)	(23,647)	(23,647)			
EXPENDITURE						
Grants & Other Donations						
General Fund	1,290	12,090	12,090		4.4	3 year average
TOTAL EXPENDITURE	1,290	12,090	12,090			
Total Net (Surplus)/Deficit 1for year	(227)	(11,557)	(11,557)			

PROJECTED BALANCE SHEET VALUE AS AT 31 MARCH 2024

	Opening Balance at 01/04/23 £	Projected Movement in Year £	Projected Closing Balance at 31/03/24 £
Capital in Investment Funds			
Investment Fund Book Value	209,757	228	209,985
Unrealised Gains/(Loss)	(22,484)	0	(22,484)
Market Value	187,273	228	187,501
Current Assets			
Debtors	587	0	587
Cash deposited with SBC	26,298	11,329	37,627
Total Current Assets	26,885	11,329	38,214
Current Liabilities			
Creditors	0	0	0
Total Current Liabilities	0	0	0
Net Assets	214,158	11,557	225,715
Funded by:			
Reserves			
Revenue Reserve Fund	(122,314)	(11,557)	(133,871)
Capital Reserve Fund	(91,844)	0	(91,844)
Total Reserves	(214,158)	(11,557)	(225,715)

INVESTMENTS EXTERNALLY MANAGED

Book Value Movements	Units	£
Aegon Asset Management Investment (12 February 2018)	137,529	148,903
Aegon Fund Rebate – (2018-2019)	141	152
Aegon Asset Management Investment (February 2020)	26,295	30,000
Aegon Fund Rebate – (2019-2020)	114	127
Aegon Fund Rebate – (2020-2021)	166	167
Aegon Fund Rebate – (2021-2022)	164	180
Aegon Asset Management Investment (June 2022)	31,208	30,000
Aegon Fund Rebate – (2022-2023)	234	228
Total Book Value as at 30 June 2023	195,851	209,757

Market Value of Investment	£
31 March 2018	154,910
Fund 1 – Transfer (1 April 2018)	(199)
Fund 2 – Transfer (1 April 2018)	(5,807)
1 April 2018	148,904
31 March 2019	150,088
31 March 2020	150,723
31 March 2021	179,224
31 March 2022	179,222
30 June 2022	189,671
30 September 2022	177,736
31 December 2022	187,728
31 March 2023	187,273
30 June 2023	188,076
Increase/(Decrease) from Total Cash Invested	(21,681)

Return on Investment from inception	Capital Return %	Total Return %
to 31 March 2018	-0.30	
to 31 March 2019	+3.86	+9.41
to 31 March 2020	-15.16	-5.98
to 30 June 2020	-8.52	+2.76
to 30 September 2020	-7.91	+4.83
to 31 December 2020	-0.61	+14.09
to 31 March 2021	+0.78	+16.84
to 30 June 2021	+1.10	+18.71
to 30 September 2021	+0.36	+19.52
to 31 December 2021	+3.93	+25.02
to 31 March 2022	+0.68	+22.56
to 30 June 2022	-10.70	+10.49
to 30 September 2022	-16.12	+5.84
to 31 December 2022	-11.43	+12.81
to 31 March 2023	-11.69	+13.46
to 30 June 2023	-11.30	+16.45