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**MONITORING REPORT FOR 12 MONTHS TO 31 MARCH 2020  
AND PROPOSED BUDGET FOR FINANCIAL YEAR 2020/21**

**Report by Executive Director, Finance & Regulatory**  
**WILLIAM HILL TRUST FUND SUB-COMMITTEE**

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**15 December 2020**

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**1 PURPOSE AND SUMMARY**

- 1.1 This report provides the details of the income and expenditure for the William Hill Trust Fund for the year 2019/20 including actual balance sheet values as at 31 March 2020 and proposed budget for 2020/21.**
- 1.2 Appendix 1 provides the actual income and expenditure for 2019/20. This shows a surplus of £17,723 for the year, which is slightly better than the projected surplus figure reported at the 19 February 2020 meeting due to an increase in the donations received from Other Trusts.
- 1.3 Appendix 2 provides an actual balance sheet as at 31 March 2020. It shows a decrease in the reserves of £11,769.
- 1.4 Appendix 3 shows the value of the Aegon Asset Management (formerly Kames Capital) Investment Fund to 31 March 2020.

**2 RECOMMENDATIONS**

**2.1 It is recommended that the Trust Fund Sub-Committee:**

- (a) Notes the actual income and expenditure for 2019/20 in Appendix 1;**
- (b) Agrees the proposed budget for 2020/21 as shown in Appendix 1;**
- (c) Notes the final balance sheet value as at 31 March 2020 in Appendix 2; and**
- (d) Notes the current position of the investment in the Aegon Asset Management Fund in Appendix 3.**

### 3 BACKGROUND

3.1 This report provides the Committee with financial information for the period to 31 March 2020 and proposed budgets for 2020/21. The report also contains a projected balance sheet for the Trust Fund as at 31 March 2021.

### 4 FINANCIAL POSITION 2019/20

4.1 Appendix 1 provides details on income and expenditure for the 2019/20 financial year, which resulted in a surplus of £17,723, as well as the proposed budget for 2020/21.

#### 4.2 Income & Expenditure – Income

- (a) The final outturn position shows an amount of £230 relating to interest receivable on cash held by SBC. Also included are dividends from the Common Good Funds investment in Aegon Asset Management amounting to £7,475 which is less than the overall 5% target and the monthly distribution profile projections provided by Aegon. This is as a result of the market value dropping due to the impact of the COVID-19.
- (b) As the full economic impact of COVID-19 is not yet known the dividend budget has been reduced to reflect 2.5% compared to the target of 5%. The position will be monitored closely with Aegon Asset Management.
- (c) Included within other income for the year is a rebate from Aegon Asset Management (£127), which has been re-invested to purchase an additional 114 units. Rebate income received in March of £43 has been accounted for within income but the corresponding 46 units were not purchased until April 2020.

#### 4.3 Income & Expenditure – Grants & Other Donations

The grants and other donations distributed to 31 March 2020 are shown below.

<b>Grant Recipients Approved and Paid to 31 March 2020</b>	<b>Approved</b>		<b>TOTAL</b>
	<b>Date</b>	<b>£</b>	<b>£</b>
Sports Champion Melrose Primary	Annual	40	40
18/19 Grant to Individual – returned	August 19	(35)	(35)
Melrose Golf Club	19/02/20	2,500	2,500
<b>Total Paid to 31 March 2020</b>			<b>2,505</b>
<b>Approved Budget 2019/20</b>			<b>3,500</b>
<b><i>(Unallocated)/Over allocated Budget</i></b>			<b><i>(995)</i></b>

4.4 Appendix 2 provides the actual balance sheet value as at 31 March 2020, and a projected balance sheet as at 31 March 2021.

#### 4.5 Balance Sheet – Aegon Asset Management Investment Fund

- (a) The fund has a 15.16% unrealised loss in market value since investment, largely due to continued volatility in investment markets. Overall, however taking account of the income received the fund has achieved a return of -5.98% since investment in February 2018. As a result of the COVID-19 global markets across most asset classes have seen a drop, resulting in an overall negative return for 2019/20. Markets have however seen a bounce back during recent months which has resulted in some of the unrealised loss being negated.
- (b) Following a rebranding exercise, from 7 September, Kames Capital changed its name to that of its parent company, Aegon Asset Management. This change does not affect the way in which the Fund is managed or invested.

#### 4.6 Balance Sheet – Cash Balance

The cash held by the fund is £32,693 at 31 March 2020 and is detailed below:

<b>Cash Balance</b>	<b>£</b>
<b>Opening Balance at 1 April 2019</b>	45,160
<b>Repayment of Principal (Long Term Debtors)</b>	
Melrose Golf Club Loan	150
Surplus for year from Income & Expenditure Statement	17,723
Net Cash Movement in Debtors/Creditors	(213)
Investment in Aegon Asset Management	(30,000)
Aegon Asset Management Rebate	(127)
<b>Closing Balance at 31 March 2020</b>	<b>32,693</b>

## 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 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 **Intergrated 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 Common Good 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 **Acting Sustainably**

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 **Carbon Management**

There are no effects on carbon emissions 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 **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 Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, Service Director HR & Communications, the Clerk to the Council and Corporate Communications have been consulted and their appropriate comments have been incorporated into this report.

**Approved by**

**David Robertson**  
**Executive Director Finance & Regulatory**

**Signature .....**

#### **Author(s)**

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**Background Papers:**

**Previous Minute Reference:** William Hill Trust Fund Committee 19 February 2020.

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. We can also give information on other language translations as well as providing additional copies.

Contact us at Pensions & Investment Team, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA. Tel: 01835 824000 Fax: 01835 825166  
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## WILLIAM HILL TRUST FUND

## ACTUAL INCOME AND EXPENDITURE 2019/20

	Actuals at 31/03/20	Full Year Approved Budget 2019/20	Over/ (Under) Spend 2019/20	Proposed Budget 2020/21	Para Ref	Commentary
	£	£	£	£		
<b>INCOME</b>						
<b>Non-Property Related Income</b>						
Interest on Cash deposited with Council	(230)	(170)	(60)	(170)	4.2	
Investment Fund – Dividends Rec'd	(7,475)	(8,375)	900	(4,170)	4.2	Estimate 2.5% return
Misc Income	(170)	0	(170)	(170)	4.2	
	<b>(7,875)</b>	<b>(8,545)</b>	<b>670</b>	<b>(4,510)</b>		
<b>Donations from Other Trusts</b>						
Greenyards Trust	(298)	(286)	(12)	0		
Gibson Park	(12,055)	(9,806)	(2,249)	0		
Fraser Bequest	0	(158)	158	0		Amalgamated within Melrose Common Good
	<b>(12,353)</b>	<b>(10,250)</b>	<b>(2,103)</b>	<b>0</b>		
<b>TOTAL INCOME</b>	<b>(20,228)</b>	<b>(18,795)</b>	<b>(1,433)</b>	<b>(4,510)</b>		
<b>EXPEDITURE</b>						
<b>Running costs –</b>						
<b>Grants &amp; Other Donations</b>						
General Fund	2,505	3,500	(995)	2,500	4.3	
<b>TOTAL EXPENDITURE</b>	<b>2,505</b>	<b>3,500</b>	<b>(995)</b>	<b>2,500</b>		
<b>Total Net (Surplus)/Deficit for year</b>	<b>(17,723)</b>	<b>(15,295)</b>	<b>(2,428)</b>	<b>(2,010)</b>		

## WILLIAM HILL TRUST FUND

## BALANCE SHEET VALUE AT 31 MARCH 2020

	Opening Balance at 01/04/19	Movement in Year	Closing Balance at 31/03/20	Projected Balances at 31/03/21
	£	£	£	£
<b>Capital in Aegon Asset Management</b>				
Investment Fund Book Value	149,055	30,127	179,182	179,309
Unrealised Gains/(Loss)	1,033	(29,492)	(28,459)	(28,459)
<b>Total Investment</b>	<b>150,088</b>	<b>635</b>	<b>150,723</b>	<b>150,850</b>
<b>Long Term Debtors</b>				
Loan to Melrose Golf Club	<b>150</b>	<b>(150)</b>	<b>0</b>	<b>0</b>
<b>Current Assets</b>				
Debtors	635	63	698	698
Cash deposited with SBC	45,160	(12,467)	32,693	34,576
<b>Total Current Assets</b>	<b>45,795</b>	<b>(12,404)</b>	<b>33,391</b>	<b>35,274</b>
<b>Current Liabilities</b>				
Creditors	<b>(150)</b>	<b>150</b>	<b>0</b>	<b>0</b>
<b>Net Assets</b>	<b>195,883</b>	<b>(11,769)</b>	<b>184,114</b>	<b>186,124</b>
<b>Funded by: Reserves</b>				
Revenue Reserve Fund	(80,522)	(17,723)	(98,245)	(100,255)
Capital Reserve Fund	(115,361)	29,492	(85,869)	(85,869)
<b>Total Reserves</b>	<b>(195,883)</b>	<b>11,769</b>	<b>(184,114)</b>	<b>(186,124)</b>

## WILLIAM HILL TRUST FUND

## INVESTMENTS EXTERNALLY MANAGED

<b>Cost of Investment</b>	<b>Units</b>	<b>£</b>
Aegon Asset Management Investment (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
<b>Total Invested to 31 March 2020</b>	<b>164,079</b>	<b>179,182</b>

<b>Value of Investment</b>	<b>£</b>
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
30 June 2019	152,631
30 September 2019	152,754
31 December 2019	157,931
31 March 2020	150,723
<b>Increase/(Decrease) from Total Cash Invested</b>	<b>(28,459)</b>

<b>Return on Investment from inception</b>	<b>Capital Return %</b>	<b>Total Return %</b>
to 31 March 2018	-0.30	
to 31 March 2019	+3.86	+9.41
to 31 March 2020	-15.16	-5.98