
**MONITORING REPORT FOR 9 MONTHS TO 31 DECEMBER 2020
AND PROPOSED BUDGET FOR FINANCIAL YEAR 2021/22**

Report by Executive Director, Finance & Regulatory

WILLIAM HILL TRUST FUND SUB-COMMITTEE

23 FEBRUARY 2021

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the William Hill Trust Fund for the nine months to 31 December 2020, a full year projected out-turn for 2020/21, projected balance sheet values as at 31 March 2021 and proposed budget for 2021/22.**
- 1.2 Appendix 1 provides the projected income and expenditure position for 2020/21. This shows a projected surplus of £5,225 for the year, which is slightly higher than the surplus figure reported at the 15 December 2020 meeting, due to an improvement in the return on the Aegon Investment Fund.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2021. It shows an increase in reserves of £31,064.
- 1.4 Appendix 3 shows the value of the Aegon Asset Management Investment Fund to 31 December 2020.

2 RECOMMENDATIONS

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

- (a) Agrees the projected income and expenditure for 2020/21 in Appendix 1 as the revised budget for 2020/21;**
- (b) Agrees the proposed budget for 2021/22 as shown in Appendix 1;**
- (c) Notes the projected balance sheet value as at 31 March 2021 in Appendix 2;**
- (d) 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 31 December 2020, projections to 31 March 2021 and proposed budgets form 2021/22. The report also contains a projected balance sheet for the Trust as at 31 March 2021.

4 FINANCIAL POSITION 2020/21

4.1 Appendix 1 provides detail on income and expenditure for the 2020/21 financial year. The projected net position for the year is a surplus of £5,225. Also included is the proposed budget for 2021/22.

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 Common Good Funds investment in Aegon Asset Management amounting to £4,170 with the revised projection estimated at 4.5% return. As a result of the market value dropping due to the impact of the COVID-19, this projected 4.5% return is less than the overall 5% target and the monthly distribution profile projections provided by Aegon, but is an improvement on the original 2.5% budgeted return

(b) Included within other income is a rebate from Aegon Asset Management of £124 which, along with the £43 received in March 2020, has been re-invested to purchase an additional 127 units.

4.3 Income & Expenditure – Grants & Other Donations

The grants and other donations approved and distributed to 31 March 2021, are shown below:

Grant Recipients	Approved	£
Approved and Paid to 31 December 2020		0
Total Paid to 31 March 2021		0
Approved but not yet paid		
Sports Champion Melrose Primary	Annual	40
Total Grants Approved		40
Approved Budget 2020/21		2,500
<i>(Unallocated)/Over allocated Budget</i>		<i>2,460</i>

4.4 Appendix 2 provides the balance sheet value as at 31 March 2020, the projected movement in year and a projected balance sheet at 31 March 2021; along with projected balance to 31 March 2022.

4.5 Balance Sheet – Investment Fund

The fund has a 0.61% 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 14.09% since investment in February 2018.

4.6 **Balance Sheet – Cash Balance**

The cash held by the fund is projected to be £37,791 at 31 March 2021 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2020	32,693
Surplus for year from Income & Expenditure Statement	5,225
Net Cash Movement in Debtors/Creditors	0
Rebate Investment in Aegon	(127)
Closing Balance at 31 March 2021	37,791

4.7 **Balance Sheet – Capital Reserve**

The projections for the Capital Reserves include the unrealised loss for the Aegon Asset Management Fund as at 31 March 2020, with an estimate for the current years' movement based on the market position at 31 December 2020.

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 **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 Chief Legal Officer (including as Monitoring Officer), the Chief Officer Audit and Risk, Service Director HR, Communications and the Clerk to the Council 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 15 December 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.

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WILLIAM HILL TRUST FUND

APPENDIX 1

PROJECTED INCOME AND EXPENDITURE 2020/21 AND 2021/22

	Actuals at 31/12/20	Full Year Approved Budget 2020/21	Full Year Projected Out-turn 2020/21	Full Year Projected Over/ (Under) Spend 2020/21	Full Year Proposed Budget 2021/22	Para Ref	Commentary
	£	£	£	£	£		
INCOME							
Non-Property Related Income							
Interest on Cash deposited with Council	0	(170)	(170)		(170)	4.2	
Investment Fund – Dividends Rec'd	(4,541)	(4,170)	(7,385)	(3,215)	(7,385)	4.2	Estimate revised to 4.5% return
Misc Income	(82)	(170)	(170)		(170)	4.2	
	(4,623)	(4,510)	(7,725)	(3,215)	(7,725)		
Donations from Other Trusts							
Greenyards Trust	0	0	0		0		
Gibson Park	0	0	0		0		
	0	0	0		0		
TOTAL INCOME	(4,623)	(4,510)	(7,725)	(3,215)	(7,725)		
EXPENDITURE							
Running costs –							
Grants & Other Donations	0	2,500	2,500		1,725	4.3	
General Fund	0	2,500	2,500		1,725		
TOTAL EXPENDITURE							
Total Net (Surplus)/Deficit for year	(4,623)	(2,010)	(5,225)	(3,215)	(6,000)		

PROJECTED BALANCE SHEET VALUE AT 31 MARCH 2021

	Opening Balance at 01/04/20	Projected Movement in Year	Projected Closing Balance at 31/03/21	Projected Closing Balance at 31/03/22
	£	£	£	£
Capital in Investment Funds				
Investment Fund Book Value	179,182	127	179,309	179,436
Unrealised Gains/(Loss)	(28,459)	25,839	(2,620)	(2,620)
Market Value	150,723	25,966	176,689	176,816
Current Assets				
Debtors	698	0	698	698
Cash deposited with SBC	32,693	5,098	37,791	43,664
Total Current Assets	33,391	5,098	38,489	44,362
Current Liabilities				
Creditors	0	0	0	0
Total Current Liabilities	0	0	0	0
Net Assets	184,114	31,064	215,178	221,178
Funded by: Reserves				
Revenue Reserve Fund	(98,245)	(5,225)	(103,470)	(109,470)
Capital Reserve Fund	(85,869)	(25,839)	(111,708)	(111,708)
Total Reserves	(184,114)	(31,064)	(215,178)	(221,178)

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)	127	124
Total Book value as at 31 December 2020	164,206	179,306

Market Value of Investment	£
12 Feb 2018	154,910
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
30 June 2020	162,550
30 September 2020	163,673
31 December 2020	176,686
Increase/(Decrease) from Total Cash Invested	(2,620)

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