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## **MONITORING REPORT FOR 12 MONTHS TO 31 MARCH 2021**

**Report by Executive Director, Finance & Regulatory**

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### **WILLIAM HILL TRUST FUND SUB-COMMITTEE**

**15 JUNE 2021**

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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 2020/21 including balance sheet values as at 31 March 2021, a full year projected out-turn for 2021/22, and projected balance sheet values as at 31 March 2022.**
- 1.2 Appendix 1 provides the actual income and expenditure for 2020/21. This shows a surplus of £8,915 for the year, which is better than the surplus figure reported at the 23 February 2021 meeting, due to an underspend in the Grants and Donations budget and receipt of donations from other trusts.
- 1.3 Appendix 2 provides an actual balance sheet value as at 31 March 2021. It shows an increase in reserves of £37,249, partly due to the reduction in unrealised loss on the Aegon Asset Management Fund.
- 1.4 Appendix 3 shows the value of the Aegon Asset Management Investment Fund to 31 March 2021.

#### **2 RECOMMENDATIONS**

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

- (a) Notes the actual income and expenditure for 2020/21 in Appendix 1;**
- (b) Agrees the projected income & expenditure for 2021/22 in Appendix 1 as the revised budget for 2021/22;**
- (c) Notes the final balance sheet value as at 31 March 2021, and projected balance sheet value as at 31 March 2022 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 March 2021 and projections to 31 March 2022. The report also contains a projected balance sheet for the Trust Fund as at 31 March 2022.

### **4 FINANCIAL POSITION 2020/21**

4.1 Appendix 1 provides detail on income and expenditure for the 2020/21 financial year, which resulted in a surplus of £8,915, as well as projections for 2021/22.

#### **4.2 Income & Expenditure – Non-Property Related Income**

- (a) The outturn position shows an amount of £36 relating to interest receivable on cash held by SBC, a drop from projections due to the negative effect on interest rates from COVID-19. Also included are dividends from the Common Good Funds investment in Aegon Asset Management amounting to £7,399 which is slightly ahead of the revised projection of 4.5% return, while less than the overall 5% target and the monthly distribution profile projections provided by Aegon.
- (b) As the full economic recovery from the COVID-19 impact is not yet known the projections for 2021/22 have been retained at 4.5% 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 of £123 which, along with the £44 received in March 2020, has been re-invested to purchase an additional 166 units. Rebate income received in March 2021 of £44 has been accounted for within income but the corresponding 40 units were not purchased until April 2021.

#### **4.3 Income & Expenditure – Donations from Other Trusts**

- (a) Donations from Other Trusts of £1,313 is significantly lower in 2020/21 in comparison to the previous year (2019-20 £12,354), which is as a result of the temporary closure of the Caravan Park under COVID-19 guidelines.
- (b) Projections for 2021/22 have been updated to include donations from the Greenyards Trust and Gibson Park. As the full economic recovery from the COVID-19 impact is not yet known the projections for 2021/22 have been calculated using an average of the previous 3 years' donations.

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

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

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

Following approval of a grant for £3,500 at the Trust Fund meeting on 18 May 2021, it is proposed that the budget for 2021/22 is increased to £5,000.

4.5 Appendix 2 provides the actual balance sheet value as at 31 March 2021, and a projected balance sheet as at 31 March 2022.

#### 4.6 Balance Sheet – Investment Fund

The fund has a 0.78% unrealised gain 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 16.84% since investment in February 2018.

The unrealised loss of £28,459 reported at 31 March 2020, which was due to a fall in the overall markets resulting from COVID19, has over the last 12 months been reduced to £125.

#### 4.7 Balance Sheet – Cash Balance

The cash held by the fund is £41,495 at 31 March 2021 and is detailed below:

<b>Cash Balance</b>	<b>£</b>
<b>Opening Balance at 1 April 2020</b>	32,693
Surplus for year from Income & Expenditure Statement	8,915
Net Cash Movement in Debtors/Creditors	54
Rebate Investment in Aegon	(167)
<b>Closing Balance at 31 March 2021</b>	<b>41,495</b>

#### 4.8 Balance Sheet – Capital Reserve

The movements in the Capital Reserves include the unrealised loss for the Aegon Asset Management Fund as at 31 March 2021 but due to the nature of the markets no estimate has been made for the future years' 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 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 23 February 2021.

**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**

**ACTUAL INCOME AND EXPENDITURE 2020/21**

	<b>Actuals at 31/03/21</b>	<b>Full Year Approved Budget 2020/21</b>	<b>Over/ (Under) Spend 2020/21</b>	<b>Full Year Approved Budget 2021/22</b>	<b>Full Year Projected Outturn 2021/22</b>	<b>Full Year Projected Over/ (Under) Spend 2021/22</b>	<b>Para Ref</b>	<b>Commentary</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>		
<b>INCOME</b>								
<b>Non-Property Related Income</b>								
Interest on Cash deposited with Council	(36)	(170)	134	(170)	(170)	0	4.2	
Investment Fund – Dividends Rec'd	(7,399)	(7,385)	(14)	(7,385)	(7,385)	0	4.2	4.5% return
Misc Income	(167)	(170)	3	(170)	(170)	0	4.2	
	<b>(7,602)</b>	<b>(7,725)</b>	<b>123</b>	<b>(7,725)</b>	<b>(7,725)</b>	<b>0</b>		
<b>Donations from Other Trusts</b>								
Greenyards Trust	(256)	0	(256)	0	(295)	(295)	4.3	Ave. 3 year
Gibson Park	(1,057)	0	(1,057)	0	(7,650)	(7,650)	4.3	
	<b>(1,313)</b>	<b>0</b>	<b>(1,313)</b>	<b>0</b>	<b>(7,945)</b>	<b>(7,945)</b>		
<b>TOTAL INCOME</b>	<b>(8,915)</b>	<b>(7,725)</b>	<b>(1,190)</b>	<b>(7,725)</b>	<b>(15,670)</b>	<b>(7,945)</b>		
<b>EXPEDITURE</b>								
<b>Running costs –</b>								
<b>Grants &amp; Other Donations</b>								
General Fund	0	2,500	(2,500)	1,725	5,000	3,275	4.4	
<b>TOTAL EXPENDITURE</b>	<b>0</b>	<b>2,500</b>	<b>(2,500)</b>	<b>1,725</b>	<b>5,000</b>	<b>3,275</b>		
<b>Total Net (Surplus)/Deficit for year</b>	<b>(8,915)</b>	<b>(5,225)</b>	<b>(3,690)</b>	<b>(6,000)</b>	<b>(10,670)</b>	<b>(4,670)</b>		

## BALANCE SHEET VALUE AT 31 MARCH 2021

	Opening Balance at 01/04/20	Movement in Year	Closing Balance at 31/03/21	Projected Closing Balance at 31/03/22
	£	£	£	£
<b>Capital in Investment Funds</b>				
Investment Fund Book Value	179,182	167	179,349	179,516
Unrealised Gains/(Loss)	(28,459)	28,334	(125)	(125)
<b>Market Value</b>	<b>150,723</b>	<b>28,501</b>	<b>179,224</b>	<b>179,391</b>
<b>Current Assets</b>				
Debtors	698	(54)	644	644
Cash deposited with SBC	32,693	8,802	41,495	51,998
<b>Total Current Assets</b>	<b>33,391</b>	<b>8,748</b>	<b>42,139</b>	<b>52,642</b>
<b>Current Liabilities</b>				
Creditors	0	0	0	0
<b>Total Current Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Assets</b>	<b>184,114</b>	<b>37,249</b>	<b>221,363</b>	<b>232,033</b>
<b>Funded by: Reserves</b>				
Revenue Reserve Fund	(98,245)	(8,915)	(107,160)	(117,830)
Capital Reserve Fund	(85,869)	(28,334)	(114,203)	(114,203)
<b>Total Reserves</b>	<b>(184,114)</b>	<b>(37,249)</b>	<b>(221,363)</b>	<b>(232,033)</b>

**INVESTMENTS EXTERNALLY MANAGED**

<b>Book value movements</b>	<b>Units</b>	<b>£</b>
Aegon Asset Management Investment (12 February 2018)	<b>137,529</b>	<b>148,903</b>
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
<b>Total Book value as at 31 December 2020</b>	<b>164,245</b>	<b>179,349</b>

<b>Market Value of Investment</b>	<b>£</b>
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
31 March 2021	179,224
<b>Increase/(Decrease) from Total Cash Invested</b>	<b>(125)</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
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