
MONITORING REPORT FOR 6 MONTHS TO 30 SEPTEMBER 2021

Report by Director – Finance & Corporate Governance WILLIAM HILL TRUST FUND SUB-COMMITTEE

14 December 2021

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the William Hill Trust Fund for six months to 30 September 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 projected income and expenditure position for 2021/22. This shows a projected surplus of £670 for the year.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2022. It shows a projected increase in reserves of £670.
- 1.4 Appendix 3 shows the value of the Aegon Asset Management Investment Fund to 30 September 2021.

2 RECOMMENDATIONS

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

- (a) Notes the projected income and expenditure for 2021/22 in Appendix 1;**
- (b) Notes the projected balance sheet value as at 31 March 2022 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 September 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 2021/22

4.1 Appendix 1 provides details on income and expenditure for the 2021/22 financial year. The projected net position for the year is a surplus of £670.

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 £7,385 which is currently 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 5% target and the monthly distribution profile projections provided by Aegon. The position will be monitored closely with Aegon Asset Management.

(b) Included within other income is a rebate from Aegon Asset Management of £45 which, along with the £44 received in March 2021, has been re-invested to purchase an additional 82 units.

4.3 Income & Expenditure – Donations from Other Trusts.

(a) 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 2022, are shown below:

Grant Recipients	Approved	£
Approved and Paid to 30 June 2021		
Melrose Football Club	18/05/21	3,500
Melrose Rugby Club	15/06/21	10,000
Melrose Community Council	24/08/21	1,049
Sports Champion Melrose Primary	Annual	40
Total Paid to 31 March 2022		14,589
Approved but not yet paid		0
Total Grants Approved		14,589
Approved Budget 2021/22		15,000
(Unallocated)/Over allocated Budget		411
Approved but not yet paid 2022/23		
Sports Champion Melrose Primary	Annual	40

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

4.6 **Balance Sheet –Investment Fund**

The fund has a 0.36% 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 19.52% since investment in February 2018.

4.7 **Balance Sheet – Cash Balance**

The cash held by the fund is projected to be £41,998 at 31 March 2022 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2021	41,495
Projected surplus for year from Income & Expenditure Statement	670
Net Cash Movement in Debtors/Creditors	0
Rebate Investment in Aegon	(167)
Projected Closing Balance at 31 March 2022	41,998

4.8 **Balance Sheet – Capital Reserve**

The movement 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 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 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

David Robertson

Director, Finance & Corporate Governance

Signature

Author(s)

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Background Papers:

Previous Minute Reference: William Hill Trust Fund Committee 24 August 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

PROJECTED INCOME AND EXPENDITURE 2021/22

	Actuals at 30/09/21	Full Year Approved Budget 2021/22	Full Year Projected Outturn 2021/22	Full Year Projected Over/ (Under) Spend 2021/22	Para Ref	Commentary
	£	£	£	£		
INCOME						
Non-Property Related Income						
Interest on Cash deposited with Council	0	(170)	(170)	0	4.2	4.5% return
Investment Fund – Dividends Rec'd	(3,742)	(7,385)	(7,385)	0	4.2	
Misc Income	(45)	(170)	(170)	0	4.2	
	(3,787)	(7,725)	(7,725)	0		
Donations from Other Trusts						
Greenyards Trust	0	(295)	(295)	0	4.3	Ave. 3 year
Gibson Park	0	(7,650)	(7,650)	0	4.3	Ave. 3 year
	0	(7,945)	(7,945)	0		
TOTAL INCOME	(3,787)	(15,670)	(15,670)	0		
EXPEDITURE						
Running costs –						
Grants & Other Donations						
General Fund	14,589	15,000	15,000	0	4.4	
TOTAL EXPENDITURE	14,589	15,000	15,000	0		
Total Net (Surplus)/Deficit for year	10,802	(670)	(670)	0		

PROJECTED BALANCE SHEET VALUE AT 31 MARCH 2022

	Opening Balance at 01/04/21	Projected Movement in Year	Projected Closing Balance at 31/03/22
	£	£	£
Capital in Investment Funds			
Investment Fund Book Value	179,349	167	179,516
Unrealised Gains/(Loss)	(125)	0	(125)
Market Value	179,224	167	179,391
Current Assets			
Debtors	644	0	644
Cash deposited with SBC	41,495	503	41,998
Total Current Assets	42,139	503	42,642
Current Liabilities			
Creditors	0	0	0
Total Current Liabilities	0	0	0
Net Assets	221,363	670	222,033
Funded by: Reserves			
Revenue Reserve Fund	(107,160)	(670)	(107,830)
Capital Reserve Fund	(114,203)	0	(114,203)
Total Reserves	(221,363)	(670)	(222,033)

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)	82	89
Total Book Value as at 30 June 2021	164,327	179,438

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
30 June 2021	179,826
30 September 2021	178,558
Increase/(Decrease) from Total Cash Invested	(880)

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