
MONITORING REPORT FOR 9 MONTHS TO 31 DECEMBER 2021 AND PROPOSED BUDGET FOR FINANCIAL YEAR 2022/23

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

8 March 2022

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the William Hill Trust Fund for nine months to 31 December 2021, a full year projected out-turn for 2021/22, projected balance sheet values as at 31 March 2022 and proposed budget for 2022/23.**
- 1.2 Appendix 1 provides the projected income and expenditure position for 2021/22. This shows a projected surplus of £3,700 for the year, which is higher than the surplus figure reported at the 14 December 2021 meeting, mainly due to an increase in the forecast donation from Gibson Park.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2022. It shows a projected increase in reserves of £9,288.
- 1.4 Appendix 3 shows the value of the Aegon Asset Management Investment Fund to 31 December 2021.

2 RECOMMENDATIONS

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

- (a) Agrees the projected income and expenditure for 2021/22 in Appendix 1 as the revised budget for 2021/22;**
- (b) Agrees the proposed budget for 2022/23 as shown in Appendix 1;**
- (c) Notes the 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 BACKGROUND

3.1 This report provides the Committee with financial information for the period to 31 December 2021, projections to 31 March 2022 and proposed budgets for 2022/23. The report also contains a projected balance sheet for the Trust as at 31 March 2022 and 31 March 2023.

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 £3,700. Also included is the proposed budget for 2022/23.

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 £90 which, along with the £45 received in March 2021, has been re-invested to purchase an additional 123 units.

4.3 Income & Expenditure – Donations from Other Trusts.

- (a) Projections for 2021/22 have been updated for Gibson Park now that income from the Caravan Club is known. Proposed budgets for 2022/23 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 2022, are shown below:

Grant Recipients	Approved	£
Approved and Paid to 31 December 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		
Galashiels & Area Foodbank	14/12/21	1,000
Total Grants Approved		15,589
Proposed Budget 2021/22		16,000
(Unallocated)/Over allocated Budget		(411)
Approved but not yet paid 2022/23		
Sports Champion Melrose Primary	Annual	40

The budget for 2022/23 is proposed at £5,700, which is the average of the previous 3 years grant expenditure.

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; along with projected balance to 31 March 2022.

4.6 **Balance Sheet – Investment Fund**

The fund has a 3.93% 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 25.02% since investment in February 2018.

4.7 **Balance Sheet – Cash Balance**

The cash held by the fund is projected to be £45,015 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	3,700
Net Cash Movement in Debtors/Creditors	0
Rebate Investment in Aegon	(180)
Projected Closing Balance at 31 March 2022	45,015

4.8 **Balance Sheet – Capital Reserve**

The projections for the Capital Reserves include the unrealised gain for the Aegon Asset Management Fund as at 31 March 2021, with an estimate for the current years' movement based on the market position at 31 December 2021.

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 14 December 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 AND 2022/23

	Actuals at 31/12/21	Full Year Approved Budget 2021/22	Full Year Projected Outturn 2021/22	Full Year Projected Over/ (Under) Spend 2021/22	Full Year Proposed Budget 2022/23	Para Ref	Commentary
	£	£	£	£	£		
INCOME							
Non-Property Related Income							
Interest on Cash deposited with Council	0	(170)	(170)	0	(170)	4.2	Est. 4.5% / 5% return
Investment Fund – Dividends Rec'd	(5,406)	(7,385)	(7,385)	0	(8,220)	4.2	
Misc Income	(90)	(170)	(170)	0	(170)	4.2	
	(5,496)	(7,725)	(7,725)	0	(8,560)		
Donations from Other Trusts							
Greenyards Trust	0	(295)	(295)	0	(325)	4.3	3 year average
Gibson Park	0	(7,650)	(11,680)	(4,030)	(9,683)	4.3	
	0	(7,945)	(11,975)	(4,030)	(10,008)		
TOTAL INCOME	(5,496)	(15,670)	(19,700)	(4,030)	(18,568)		
EXPENDITURE							
Running costs –							
Grants & Other Donations							
General Fund	14,589	15,000	16,000	1,000	5,700	4.4	3 year average
TOTAL EXPENDITURE	14,589	15,000	16,000	1,000	5,700		
Total Net (Surplus)/Deficit for year	9,093	(670)	(3,700)	(3,030)	(12,868)		

PROJECTED BALANCE SHEET VALUE AT 31 MARCH 2022 AND 31 MARCH 2023

	Opening Balance at 01/04/21	Projected Movement in Year	Projected Closing Balance at 31/03/22	Projected Closing Balance at 31/03/23
	£	£	£	£
Capital in Investment Funds				
Investment Fund Book Value	179,349	180	179,529	179,709
Unrealised Gains/(Loss)	(125)	5,588	5,463	5,463
Market Value	179,224	5,768	184,992	185,172
Current Assets				
Debtors	644	0	644	644
Cash deposited with SBC	41,495	3,520	45,015	57,703
Total Current Assets	42,139	3,520	45,659	58,347
Current Liabilities				
Creditors	0	0	0	0
Total Current Liabilities	0	0	0	0
Net Assets	221,363	9,288	230,651	243,519
Funded by: Reserves				
Revenue Reserve Fund	(107,160)	(3,700)	(110,860)	(123,728)
Capital Reserve Fund	(114,203)	(5,588)	(119,791)	(119,791)
Total Reserves	(221,363)	(9,288)	(230,651)	(243,519)

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)	123	135
Total Book Value as at 31 December 2021	164,368	179,484

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
31 December 2021	184,947
Increase/(Decrease) from Total Cash Invested	5,463

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