
MONITORING REPORT FOR 12 MONTHS TO 31 MARCH 2022

Report by Director – Finance & Corporate Governance

WILLIAM HILL TRUST FUND SUB-COMMITTEE

29 June 2022

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 2021/22 including balance sheet values as at 31 March 2022, a full year projected out-turn for 2022/23, and projected balance sheet values as at 31 March 2023.**
- 1.2 Appendix 1 provides the actual income and expenditure for 2021/22. This shows a surplus of £5,625 for the year, which is better than the previously reported surplus on 8 March 2022, mainly as a result of an increase in the return from the Aegon Investment Fund.
- 1.3 Appendix 2 provides an actual balance sheet value as at 31 March 2022. It shows an increase in reserves of £5,443, mainly due to the year end surplus.
- 1.4 Appendix 3 shows the value of the Aegon Asset Management Investment Fund to 31 March 2022.

2 RECOMMENDATIONS

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

- (a) Notes the actual income and expenditure for 2021/22 in Appendix 1;**
- (b) Notes the projected income and expenditure for 2022/23 in Appendix 1;**
- (c) Notes the final balance sheet value as at 31 March 2022, and projected balance sheet value as at 31 March 2023 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 2022 and projections to 31 March 2023. The report also contains a projected balance sheet for the Trust Fund as at 31 March 2023.

4 FINANCIAL POSITION 2021/22

4.1 Appendix 1 provides details on income and expenditure for the 2021/22 financial year, which resulted in a surplus of £5,625, as well as projections for 2022/23.

4.2 Income & Expenditure – Non-Property Related Income

- (a) The final outturn position shows an amount of £19 relating to interest receivable on cash held by SBC, a drop from projections due to the prolonged lower level of interest rates. Also included are dividends from the Trust Funds investment in Aegon Asset Management amounting to £8,995 which is slightly ahead of the revised projection of 4.5% return, with the projection for 2022/23 returning to 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 £136 which, along with the £44 received in March 2021, has been re-invested to purchase an additional 164 units. Rebate income received in March 2022 of £44 has been accounted for within income but the corresponding 41 units were not purchased until April 2022.

4.3 Income & Expenditure – Donations from Other Trusts.

- (a) Approved 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 March 2022		
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
Galashiels & Area Foodbank	14/12/21	1,000
Total Paid to 31 March 2022		15,589
2021/22 Budget		16,000
<i>(Unallocated)/Over allocated Budget</i>		<i>(411)</i>
2022/23 Future Commitments		
Sports Champion Melrose Primary	Annual	40
Melrose Music Festival–(to be repaid if event does not happen)	08/03/22	2,500

4.5 Appendix 2 provides the actual balance sheet value as at 31 March 2022, and a projected balance sheet as at 31 March 2023.

4.6 **Balance Sheet –Investment Fund**

The fund has a 0.68% 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 22.56% since investment in February 2018.

4.7 **Balance Sheet – Cash Balance**

The cash held by the fund is £46,734 at 31 March 2022 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2021	41,495
Surplus for year from Income & Expenditure Statement	5,625
Net Cash Movement in Debtors/Creditors	(206)
Rebate Investment in Aegon	(180)
Projected Closing Balance at 31 March 2022	46,734

4.8 **Balance Sheet – Capital Reserve**

The movement in the Capital Reserves include the unrealised gain for the Aegon Asset Management Fund as at 31 March 2022, 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 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 8 March 2022.

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 2021/22

	Actuals at 31/03/22	Full Year Approved Budget 2021/22	Over/ (Under) Spend 2021/22	Full Year Approved Budget 2022/23	Para Ref	Commentary
	£	£	£	£		
INCOME						
Non-Property Related Income						
Interest on Cash deposited with Council	(19)	(170)	151	(170)	4.2	Est 5% return
Investment Fund – Dividends Rec'd	(8,995)	(7,385)	(1,610)	(8,220)	4.2	
Misc Income	(180)	(170)	(10)	(170)	4.2	
	(9,194)	(7,725)	(1,469)	(8,560)		
Donations from Other Trusts						
Greenyards Trust	(309)	(295)	(14)	(325)	4.3	3 year average
Gibson Park	(11,711)	(11,680)	(31)	(9,683)	4.3	
	(12,020)	(11,975)	(45)	(10,008)		
TOTAL INCOME	(21,214)	(19,700)	(1,514)	(18,568)		
EXPEDITURE						
Grants & Other Donations						
General Fund	15,589	16,000	(411)	5,700	4.4	3 year average
TOTAL EXPENDITURE	15,589	16,000	(411)	5,700		
Total Net (Surplus)/Deficit for year	(5,625)	(3,700)	(1,925)	(12,868)		

BALANCE SHEET VALUE AS AT 31 MARCH 2022

	Opening Balance at 01/04/21	Movement in Year	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)	(182)	(307)	(307)
Market Value	179,224	(2)	179,222	179,402
Current Assets				
Debtors	644	206	850	850
Cash deposited with SBC	41,495	5,239	46,734	59,422
Total Current Assets	42,139	5,445	47,584	60,272
Current Liabilities				
Creditors	0	0	0	0
Total Current Liabilities	0	0	0	0
Net Assets	221,363	5,443	226,806	239,674
Funded by: Reserves				
Revenue Reserve Fund	(107,160)	(5,625)	(112,785)	(125,653)
Capital Reserve Fund	(114,203)	182	(114,021)	(114,021)
Total Reserves	(221,363)	(5,443)	(226,806)	(239,674)

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)	164	180
Total Book Value as at 31 March 2022	164,409	179,529

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
31 March 2022	179,222
Increase/(Decrease) from Total Cash Invested	(307)

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
to 31 March 2022	+0.68	+22.56