
MONITORING REPORT FOR 3 MONTHS TO 30 JUNE 2022

Report by Acting Chief Executive

WILLIAM HILL TRUST FUND SUB-COMMITTEE

23 August 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 three months to 30 June 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 projected income and expenditure position for 2022/23. This shows a projected surplus of £12,868 for the year.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2023. It shows a projected increase in reserves of £12,868.
- 1.4 Appendix 3 shows the value of the Aegon Asset Management Investment Fund to 30 June 2022.

2 RECOMMENDATIONS

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

- (a) Notes the projected income and expenditure for 2022/23 in Appendix 1;**
- (b) Notes the projected balance sheet value as at 31 March 2023 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 June 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 2022/23

4.1 Appendix 1 provides details on income and expenditure for the 2022/23 financial year. The projected net position for the year is a surplus of £12,868.

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 Trust Funds investment in Aegon Asset Management amounting to £8,220 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) 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 2023 are shown below:

Grant Recipients	Approved	£
Approved and Paid to 30 June 2022		
Sports Champion Melrose Primary	Annual	40
Melrose Music Festival	08/03/22	2,500
Total Paid to 31 March 2023		2,540
2022/23 Budget		5,700
<i>(Unallocated)/Over allocated Budget</i>		<i>(3,160)</i>
2023/24 Future Commitments		
Sports Champion Melrose Primary	Annual	40

4.5 Appendix 2 provides the actual balance sheet value as at 1 April 2022, the projected movement in year and a projected balance sheet as at 31 March 2023.

4.6 **Balance Sheet – Investment Fund**

The fund has a 10.46% 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 10.70% since investment in February 2018.

4.7 **Balance Sheet – Cash Balance**

The cash held by the fund is projected to be £29,422 at 31 March 2023 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2022	46,734
Projected surplus for year from Income & Expenditure Statement	12,868
Net Cash Movement in Debtors/Creditors	(0)
Investment in Aegon Asset Management	(30,000)
Rebate Investment in Aegon	(180)
Projected Closing Balance at 31 March 2023	29,422

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
Acting Chief Executive

Signature

Author(s)

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Background Papers:

Previous Minute Reference: William Hill Trust Fund Committee 29 June 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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PROJECTED INCOME AND EXPENDITURE 2022/23

	Actuals at 30/06/22	Full Year Approved Budget 2022/23	Full Year Projected Out-turn 2022/23	Full Year Projected Over/ (Under) Spend 2022/23 £	Para Ref	Commentary
	£	£	£			
INCOME						
Non-Property Related Income						
Interest on Cash deposited with Council	(0)	(170)	(170)		4.2	
Investment Fund – Dividends Rec'd	(917)	(8,220)	(8,220)		4.2	Est 5% return
Misc Income	(0)	(170)	(170)		4.2	
	(917)	(8,560)	(8,560)			
Donations from Other Trusts						
Greenyards Trust	(0)	(325)	(325)		4.3	
Gibson Park	(0)	(9,683)	(9,683)		4.3	3 year average
	(0)	(10,008)	(10,008)			
TOTAL INCOME	(917)	(18,568)	(18,568)			
EXPEDITURE						
Grants & Other Donations						
General Fund	2,540	5,700	5,700		4.4	3 year average
TOTAL EXPENDITURE	2,540	5,700	5,700			
Total Net (Surplus)/Deficit for year	1,623	(12,868)	(12,868)			

PROJECTED BALANCE SHEET VALUE AS AT 31 MARCH 2023

	Opening Balance at 01/04/22	Projected Movement in Year	Projected Closing Balance at 31/03/23
	£	£	£
Capital in Investment Funds			
Investment Fund Book Value	179,529	30,180	209,709
Unrealised Gains/(Loss)	(307)	0	(307)
Market Value	179,222	30,180	209,402
Current Assets			
Debtors	850		850
Cash deposited with SBC	46,734	(17,312)	29,422
Total Current Assets	47,584	(17,312)	30,272
Current Liabilities			
Creditors	0	0	0
Total Current Liabilities	0	0	0
Net Assets	226,806	12,868	239,674
Funded by: Reserves			
Revenue Reserve Fund	(112,785)	(12,868)	(125,653)
Capital Reserve Fund	(114,021)	0	(114,021)
Total Reserves	(226,806)	(12,868)	(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
Aegon Asset Management Investment (June 2022)	31,208	30,000
Aegon Fund Rebate – (2022-2023)	41	44
Total Book Value as at 30 June 2022	195,658	209,573

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
31 March 2022	179,222
30 June 2022	189,671
Increase/(Decrease) from Total Cash Invested	(19,902)

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
to 30 June 2022	-10.70	+10.49