

Finance and Resources Committee

10.30am, Friday, 23 February 2024

Jean F. Watson Financial Statement 2022/23 and Forecast 2023/24

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 Members of the Committee on the Jean F. Watson Bequest are asked to note the content of this report.

Dr Deborah Smart

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Report

Jean F. Watson Financial Statement 2022/23 and Forecast 2023/24

2. Executive Summary

- 2.1 This report provides an update on the financial position of the Miss Jean Fletcher Watson (known as Jean F. Watson) Charitable Trust (SC018971) since the last Committee meeting on 2 February 2023.

3. Background

- 3.1 The purpose of this report is to update the Committee with the financial position of the Jean F. Watson Charitable Trust.
- 3.2 The Committee last met on 2 February 2023 when a financial statement was included which provided an expected outturn position for the 2022/23 financial year.
- 3.3 The City of Edinburgh Council Charitable Trusts Audited Trustee's Annual Report and Accounts for 2022/23 were approved by the Finance and Resources Committee on 21 September 2023 and were submitted to OSCR in December 2023.

4. Main report

- 4.1 Appendix 1 of this report provides an update on the actual 2022/23 outturn financial position of the Trust as well as providing a forecast for the 2023/24 financial year.
- 4.2 Appendix 1 shows that the funds available at the start of the 2023/24 financial year were £173,029 and are forecast to be £143,627 by the end of the 2023/24 financial year. This is subject to investment income remaining stable for the remaining quarter of the financial year.
- 4.3 If the recommended acquisitions were to be approved, and the purchases and grant receipts completed by 31 March 2024, the revised forecast funds available by the end of the 2023/24 financial year will be £120,027.
- 4.4 The value of the investments held by the Trust as at 31 March 2023 was £1,127,820 and the value of the artwork was recorded as £5,433,414.

5. Next Steps

- 5.1 Members of the Committee on the Jean F. Watson Bequest are asked to note the content of this report.

6. Financial impact

- 6.1 There is no direct financial impact arising from the contents of this report, but it sets out the financial position of the Jean F. Watson Charitable Trust, with investment income exceeding governance costs allowing the on-going expansion of the Edinburgh Museums and Galleries collections.

7. Equality and Poverty Impact

- 7.1 Members of the public are allowed free access, by appointment, to view the works held in the Jean F. Watson collections when they are not already on public display within the City Art Centre as part of our exhibitions programme, or other accessible museum or Council buildings.
- 7.2 Included in the Council's Collections Development Policy is a section dealing with equalities in the acquisition of new collections, expressing the desire to represent better communities underserved by the service. Acquisitions for the Jean F. Watson collections operate within this same framework. The focus of recent collecting has been aimed towards acquiring works by women but also by artists from other cultural backgrounds and traditions.

8. Climate and Nature Emergency Implications

- 8.1 There are no direct implications arising from the report's contents.

9. Risk, policy, compliance, governance, and community impact

- 9.1 The Jean F. Watson Charitable Trust continues to serve its purpose and purchase works of art by artists who have connections with the city of Edinburgh.
- 9.2 The Jean F. Watson Charitable Trust funded The City of Edinburgh award at the inaugural Scottish Landscape Awards exhibition held on 3 November 2023. The Edinburgh Award was presented to the artist who created the most outstanding image of the city.
- 9.3 The City of Edinburgh Council Charitable Trusts Audited Trustee's Annual Report and Accounts for 2022/23 were made available for public inspection from 3 July 2023 for a period of 15 working days in accordance with the provisions of Part VII of the Local Government (Scotland) Act 1973 and the Local Authority Accounts (Scotland) Regulations 2014. There was no correspondence received as part of this process in relation to the Charitable Trusts.

10. Background reading/external references

- 10.1 [‘Guidance and good practice for Charity Trustees’](#), OSCR Website
- 10.2 [‘Charitable Trusts Reserves Policy’](#), Finance and Resources Committee, 17 March 2016
- 10.3 [Jean F Watson Financial Statement 2021/22 and Forecast 2022/23’](#), Committee on the Jean F Watson Bequest, 2 February 2023
- 10.4 [Edinburgh Museums and Galleries: Policy Renewals 2023-2026](#), Culture and Communities Committee, 11 May 2023.
- 10.5 [The City of Edinburgh Council Charitable Trusts - Report to those charged with Governance on the 2022/23 Audit’](#), Finance and Resources Committee, 21 September 2023

11. Appendices

Appendix 1 – Jean F. Watson Committee Financial Statement 2022/23 and forecast 2023/24.

	£	£	Notes
Funds Available as at 1 April 2022		153,973	1
Income from Investments 2022/23	32,755		2
	<hr/>	32,755	
Net Acquisitions 2022/23	(7,282)		3
Governance Costs 2022/23	(6,416)		4
	<hr/>	(13,698)	
Funds Available as at 1 April 2023		173,029	
Forecast Income from Investments 2023/24		36,085	5
Net Acquisitions 2023/24	(58,530)		6
Governance Costs 2023/24	(6,958)		7
	<hr/>	(65,488)	
Forecast Funds Available by 31 March 2024		143,627	8

Notes :

- 1 £153,973 is the accumulated surplus carried forward from previous years.
 - 2 £32,755 represents the income from interest on investments held with CCLA and M&G, as well as a small amount from the bank account.
 - 3 Acquisitions made in 2022/23 are listed in Table 1 below, approved by the **Committee on 17 December 2021**. Total acquisition in 2022/23 were £14,279 and total grant aid received was £6,997.
 - 4 The governance costs cover audit fee and central support costs.
 - 5 The forecast income from investments in 2023/24, subject to market conditions, is £36,085.
 - 6 The total acquisitions already made in 2023/24 are listed in Table 2, approved by the **Committee on 2 February 2023**, are £81,060 and the total grant aid received is £22,530.
 - 7 The governance costs expected to be paid in 2023/24 are £6,958.
 - 8 The forecast funds available by 31 March 2024 are £143,627.
- The financial statement and notes have been rounded to the nearest whole number, and as such, are subject to rounding differences.
 - If the recommended acquisitions were to be approved and the purchases completed by 31 March 2024 the revised Forecast Funds Available, as shown in table 3 below, will be £120,027 (or £104,777 without grants). The recommended acquisitions include The Edinburgh Award of £5,000 already approved by the Committee on 2 February 2023.
 - The value of the investments held by the Trust as at 31 March 2023 was £1,127,820 (2021/22 was £1,178,531). The value of the artwork was recorded as £5,433,414 (2021/22 £5,419,419).
- The overall income yield for the Charitable Trust investments as at 31 March 2023 was 2.72% (2021/22 2.83%), and a total return, including capital growth, of -1.47% (2021/22 9.35%).
- The rising inflation and the tightening of monetary conditions by Central banks in 2022/23 largely contributed to the fall in the market valuation of the investments.
- The **2022/23 Audited Accounts** were approved by Finance and Resources Committee on 21 September 2023.

Jean F. Watson Committee Financial Statement 2022/23 and forecast for 2023/24

Table 1

Acquisitions made in 2022/23

Name of Artwork	Name of Artist	Gross Cost
<i>Marriage in Ankara</i>	Olivia Irvine	£670
<i>Handle with Care</i>	Olivia Irvine	£670
<i>Study for a Kiss</i>	Virginia Hutchison	£2,100
<i>Perdendosi</i>	Norman MacBeath	£3,000
<i>Fisherman with Creels</i>	Donald Smith	£3,555
<i>Walk of Faith (including vinyl stickers)</i>	David McCulloch	£4,284
Total		£14,279

Table 2

Acquisitions made in 2023/24

Name of Artwork	Name of Artist	Gross Cost
<i>Portrait of the Lost Travelogue Writer</i>	Steven Campbell	£32,000
<i>A Hint of Blue I and A Hint of Blue II</i>	Sekai Machache	£6,660
<i>Mariner's Museum / Taxonomy of Tides</i> <i>De Bestis Marins</i> <i>Gaelic Text</i>	Will Maclean	£40,000
<i>Remembered Places, Places Remembered:</i> <i>Arches</i>	Leena Nammari	£600
<i>Remembered Places, Places Remembered:</i> <i>Tower</i>	Leena Nammari	£600
<i>Before long ago became long ago</i>	Leena Nammari	£1,200
Total		£81,060

Table 3

Revised Forecast Funds Available

	£	£
Forecast Funds Available by 31 March 2024		143,627
Total Recommended Acquisitions	(38,850)	
		<hr/>
		(38,850)
		<hr/>
		104,777
Grants (if awarded)		15,250
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Revised Forecast Funds Available by 31 March 2024		120,027
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