
MONITORING REPORT FOR 12 MONTHS TO 31 MARCH 2020 AND PROPOSED BUDGET FOR FINANCIAL YEAR 2020/21

Report by Executive Director, Finance & Regulatory JEDBURGH COMMON GOOD FUND SUB-COMMITTEE

14 September 2020

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Jedburgh Common Good Fund for the year 2019/20 including balance sheet values as at 31 March 2020 and proposed budget for 2020/21.**
- 1.2 Appendix 1 provides the actual income and expenditure for 2019/20. This shows a surplus of £5,443 for the year, which is less than the surplus figure reported at the 16 September 2019 meeting, due to an increase in the value of Grants & Other Donations made during the second half of the year.
- 1.3 Appendix 2 provides an actual balance sheet as at 31 March 2020. It shows a decrease in the reserves of £39,690, due to the revaluation of properties offset slightly by unrealised loss on the Aegon Asset Management (formerly Kames Capital) Investment Fund.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing the effect of the revaluation.
- 1.5 Appendix 4 shows the value of the Aegon Asset Management Investment Fund to 31 March 2020.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Fund Sub-Committee:**
 - (a) Notes the actual income and expenditure for 2019/20 in Appendix 1;**
 - (b) Agrees the proposed budget for 2020/21 as shown in Appendix 1;**
 - (c) Notes the final balance sheet value as at 31 March 2020 in Appendix 2;**
 - (d) Notes the summary of the property portfolio in Appendix 3; and**
 - (e) Notes the current position of the investment in the Aegon Asset Management Investment Fund in Appendix 4.**

3 BACKGROUND

3.1 This report provides the Committee with financial information for the period to 31 March 2020 and proposed budgets for 2020/21. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2021.

4 FINANCIAL POSITION 2019/20

4.1 Appendix 1 provides details on income and expenditure for the 2019/20 financial year, which resulted in a surplus of £5,443, as well as the proposed budget for 2020/21.

4.2 Income & Expenditure – Property Income

There is no rental income from the properties owned by the Common Good.

4.3 Income & Expenditure – Non-Property Related Income

(a) The final outturn position shows an amount of £332 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 £44,004 which is less than the overall 5% target and the monthly distribution profile projections provided by Aegon. This is as a result of the market value dropping due to the impact of the COVID-19.

(b) As the full economic impact of COVID-19 is not yet known the dividend budget has been reduced to reflect 2.5% compared to the target of 5%. The position will be monitored closely with Aegon Asset Management.

(c) Included within other income for the year is a rebate from Aegon Asset Management (£771), which has been re-invested to purchase an additional 693 units. Rebate income received in March of £220 has been accounted for within income but the corresponding 234 units were not purchased until April 2020.

4.4 Income & Expenditure – Property Expenditure

There are no property expenses on the Jedburgh Common Good properties.

4.5 Income & Expenditure – Grants & Other Donations

The grants and other donations approved and distributed to 31 March 2020 are shown below:

Grant Recipients	Approved	£
Approved and Paid to 31 March 2020		
Community Council – Xmas lights	04/06/2019	1,300
Jedburgh Rotary Club	15/08/2019	500
Jedburgh Community Council	16/09/2019	250
Jetharts Callants Festival	16/09/2019	4,500
Jedburgh Leisure Facilities Trust (new build grant)	18/03/2020	30,000
Total Paid 31 March 2020		36,550
Budget 2019/20		18,500
(Unallocated)/Overallocated Budget		18,050

4.6 Income & Expenditure – Depreciation Charge

The depreciation charge for the year is £11,733, an increase of £133 due to the revaluation of the properties. This is not a cash transaction and is off-set by a corresponding contribution from the Revaluation Reserve at the end of the financial year.

4.7 Appendix 2 provides the actual balance sheet value as at 31 March 2020, the actual movement in year and a projected balance as at 31 March 2021.

4.8 Balance Sheet – Fixed Assets

All fixed assets of the Common Good Fund are revalued every five years as part of the Council's rolling programme. The fixed assets were revalued at 1 April 2019 resulting in an increase of £110,000. Appendix 3 shows the difference in value from 31 March 2019 to 31 March 2020 for the individual properties.

4.9 Balance Sheet – Investment Fund

- (a) The fund has a 15.16% unrealised loss in market value since investment, largely due to continued volatility in investment markets. Overall, however taking account of the income received the fund has achieved a return of -5.98% since investment in February 2018. As a result of the COVID-19 global markets across most asset classes have seen a drop, resulting in an overall negative return for 2019/20. Markets have however seen a bounce back during April, May and June which has resulted in some of the unrealised loss being negated.
- (b) Following a rebranding exercise, from 7 September, Kames Capital will change its name to that of its parent company, Aegon Asset Management. This change does not affect the way in which the Fund is managed or invested.

4.10 Balance Sheet – Long Term Debtors

Long Term Debtors reduced by £6,593 as detailed in Para 4.11 leaving a year-end balance of £15,000 for the loan to the Bowling Club.

4.11 Balance Sheet – Cash Balance

The cash held by the fund at 31 March 2020 is £105,402 and is detailed below:

Cash Balance	£	£
Opening Balance at 1 April 2019		64,036
<i>Repayment of Principal (Long Term Debtors)</i>		
Jedburgh Bowling Club Loan	5,000	
Jedburgh Golf Club Loan	760	
Jedburgh Community Trust Loan	833	6,593
Surplus for year from Income & Expenditure Statement		5,443
Net cash Movement in Debtors/Creditors		30,101
Rebate Investment in Aegon		(771)
Closing Balance as at 31 March 2020		105,402

4.12 Balance Sheet – Capital Reserve

The projections for the Capital Reserves include the unrealised loss for the Aegon Asset Management Fund as at 31 March 2020 but due to the nature of the markets, no estimate has been made for the current years' movement.

4.13 Contingent Asset – Jedburgh Golf Club

The final accounts will also include a Contingent Asset of £15,000 for the remaining balance of the secured grant given to Jedburgh Golf Club in January 2005 for the purchase of two additional fields. This position will be reviewed on an annual basis to assess the likelihood of the Golf Club disposing of the fields.

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 Integrated 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 Acting Sustainably

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 Common Good Fund more sustainable in the future.

5.5 Carbon Management

There are no effects on carbon emissions 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 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, Service Director HR & Communications, the Clerk to the Council and Corporate Communications have been consulted and their appropriate comments have been incorporated into this report.

Approved by

David Robertson

Executive Director Finance & Regulatory Signature

Author(s)

Kirsty Robb	Pensions and Investments Manager - Tel: 01835 825249
Sara Halliday	Treasury Business Partner - Tel:01835 824000 Extn 5854

Background Papers:

Previous Minute Reference: Jedburgh Common Good Committee 16 September 2019.

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.

Contact us at Pensions & Investments, Council Headquarters, Newtown St Boswells,
Melrose, TD6 0SA. Tel: 01835 824000 Fax: 01835 825166
Email: t&cteam@scotborders.gov.uk

JEDBURGH COMMON GOOD FUND

ACTUAL INCOME AND EXPENDITURE 2019/20

	Actuals at 31/03/20	Full Year Approved Budget 2019/20	Over/ (Under) Spend 2019/20	Proposed Budget 2020/21	Para Ref	Commentary
	£	£	£	£		
Property Income						
Rentals Receivable	0	0	0	0	4.2	
Non-Property Related Income						
Interest Receivable from Loans to – Jedburgh Bowling Club	(472)	(612)	140	(354)		
Jedburgh Golf Club	(54)	(224)	170	0		
Interest on Cash deposited with Council	(332)	(150)	(182)	(340)	4.3	
Investment Fund – Dividends Rec'd	(44,004)	(50,303)	6299	(23,110)	4.3	Estimate 2.5% return
Other Income	(991)	(900)	(91)	(950)	4.3	
Total Income	(45,853)	(52,189)	6,336	(24,754)		
Property Expenditure						
Property Costs – General	0	0	0	0	4.4	
Total Property Expenditure	0	0	0	0		
Grants & Other Donations	36,550	18,500	18,050	11,550	4.5	
Central Support Service Charge	3,860	3,860	0	3,976		
Depreciation						
Depreciation Charge	11,733	11,600	133	11,733	4.6	Actual based on 1/4/19
Contribution from Revaluation Reserve	(11,733)	(11,600)	(133)	(11,733)	4.6	revaluation
Net impact of Depreciation on Revenue Reserve	0	0	0	0		
Total Net (Surplus)/Deficit for year	(5,443)	(29,829)	24,386	(9,228)		

JEDBURGH COMMON GOOD FUND

BALANCE SHEET VALUE AS AT 31 MARCH 2020

	Opening Balance at 01/04/19	Movement in Year	Closing Balance at 31/03/20	Projected Closing Balances at 31/03/21
	£	£	£	£
Fixed Assets				
Land & Buildings	442,000	98,267	540,267	528,534
Feu Duties	0	0	0	0
Total Fixed Assets	442,000	98,267	540,267	528,534
Capital in Investment Funds				
Investment Fund Book Value	903,915	771	904,686	905,457
Unrealised Gains/(Loss)	6,264	(143,400)	(137,136)	(137,136)
Market Value	910,179	(142,629)	767,550	768,321
Long Term Debtors				
Loan to Jedburgh Bowling Club	20,000	(5,000)	15,000	10,000
Loan to Jedburgh Golf Club	760	(760)	0	0
Loan to Jedburgh Comm Trust	833	(833)	0	0
	21,593	(6,593)	15,000	10,000
Current Assets				
Debtors	3,972	(420)	3,552	3,552
Cash deposited with SBC	64,036	41,366	105,402	88,859
Total Current Assets	68,008	40,946	108,954	92,411
Current Liabilities				
Creditors	0	(30,000)	(30,000)	0
Receipts in Advance	(319)	319	0	0
Total Current Liabilities	(319)	(29,681)	(30,000)	0
Net Assets	1,441,461	(39,690)	1,401,771	1,399,266
Funded by: Reserves				
Revenue Reserve	(78,023)	(5,443)	(83,466)	(92,694)
Capital Reserve	(924,111)	143,400	(780,711)	(780,711)
Revaluation Reserve	(439,327)	(98,267)	(537,594)	(525,861)
Total Reserves	(1,441,461)	39,690	(1,401,771)	(1,399,266)

**JEDBURGH COMMON GOOD FUND
PROPERTY PORTFOLIO PERFORMANCE FOR 2019/20
(Actual Income and Expenditure to 31 March 2020)**

Fixed Assets – Land & Buildings	Net Book Value at 31/03/19 £	Revaluatn Adjust as at 01/04/19 £	Depn Charge 2019/20 £	Net Book Value at 31/03/20 £	Actual Rental Income 2019/20 £	Actual Property Expenditure at 31/03/20			
						Repairs £	Rates, Water & Power £	Ins £	Total £
Jedburgh Castle Jail	0	0	0	0	0	0	0	0	0
Mary Queen of Scots House	442,000	110,000	11,733	540,267	0	0	0	0	0
Murray's Green Park	0	0	0	0	0	0	0	0	0
Dounehill (Dunshill)	0	0	0	0	0	0	0	0	0
Ramparts	0	0	0	0	0	0	0	0	0
Market Cross	0	0	0	0	0	0	0	0	0
Property Expenditure (General)	0	0	0	0	0	0	0	0	0
Total	442,000	110,000	11,733	540,267	0	0	0	0	0

Fixed Assets – Moveable Assets
Portrait Sir D Brewster
Bust Sir D Brewster
Gold Chains
Relics – Queen Mary House
Lady Provost Brooch
George Tinline Plates (2)
Gold Chain & Robes
Small Bust Sir John Tinline
Framed copy of Burgh Charter
Casket containing Burgess Ticket
Total

JEDBURGH COMMON GOOD FUND

INVESTMENTS EXTERNALLY MANAGED

Cost of Investment	Units	£
Aegon Asset Management Investment (February 2018)	834,019	902,994
Aegon Fund Rebate - (2018-2019)	853	921
Aegon Fund Rebate - (2019-2020)	693	771
Total Invested to 31 March 2020	835,565	904,686

Value of Investment	£
31 March 2018	900,074
30 June 2018	894,736
30 September 2018	898,156
31 December 2018	848,699
31 March 2019	910,178
30 June 2019	925,603
30 September 2019	926,349
31 December 2019	957,739
3 March 2020	767,550
Increase/(Decrease) from Total Cash Invested	(137,136)

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