
MONITORING REPORT FOR 3 MONTHS TO 30 JUNE 2020

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 three months to 30 June 2020, a full year projected out-turn for 2020/21, and projected balance sheet values as at 31 March 2021.**
- 1.2 Appendix 1 provides a projected income and expenditure position for 2020/21. This shows a projected surplus of £9,228 for the year.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2021. It shows a projected decrease in the reserves of £2,505.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing projected rental income for 2020/21 and actual property expenditure to 30 June 2020.
- 1.5 Appendix 4 shows the value of the Aegon Asset Management Investment Fund to 30 June 2020.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Fund Sub-Committee:**
 - (a) Notes the projected income and expenditure for 2020/21 in Appendix 1;**
 - (b) Notes the projected balance sheet value as at 31 March 2021 in Appendix 2;**
 - (c) Notes the summary of the property portfolio in Appendix 3; and**
 - (d) Notes the current position of 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 30 June 2020 and projections to 31 March 2021. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2021.

4 FINANCIAL POSITION 2020/21

4.1 Appendix 1 provides details on income and expenditure for the 2020/21 financial year. The projected net position for the year is a surplus of £9,228.

4.2 Income & Expenditure – Property Income

There is no Rental Income from the properties owned by the Jedburgh Common Good Fund.

4.3 Income & Expenditure – Non-Property Related Income

(a) The projected outturn position shows an amount of £340 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 £23,110 which is currently estimated at 2.5% return. As a result of the market value dropping due to the impact of the COVID-19, this projected 2.5% return is less than the 5% target and the monthly distribution profile projections provided by Aegon.

(b) Rebate income from Aegon Asset Management received in March 2020 of £220 was accounted for in 2019/20 however the corresponding 234 units have been purchased in 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 2021, are shown below:

Grant Recipients	Approved	£
Approved and Paid to 30 June 20120		0
Total Paid 31 March 2021		0
Budget 2020/21		11,500
<i>(Unallocated)/Overallocated Budget</i>		<i>11,500</i>

4.6 Income & Expenditure – Depreciation Charge

The projected depreciation charge for the year is £11,733. 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 balance sheet value as at 31 March 2020, the projected movement in year and a projected balance sheet as at 31 March 2021.

4.8 Balance Sheet – Fixed Assets

All fixed assets of the Common Good Fund are revalued every 5 years as part of the Council's rolling programme. The fixed assets were revalued at 1 April 2019. Appendix 3 shows the values of the individual properties at 31 March 2020, projected depreciation charges for 2020/21 and projected value at 31 March 2021.

4.9 Balance Sheet – Investment Fund

The fund has an 8.52% 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 2.76% since investment in February 2018.

4.10 Balance Sheet – Long Term Debtors

Long Term Debtors are projected to reduce by £5,000 as detailed in Para 4.11 leaving a projected year-end balance of £10,000.

4.11 Balance Sheet – Cash Balance

The cash held by the fund is projected to be £88,859 and is detailed below. This includes a projected repayment of Principal on the Jedburgh Common Good Loans of £5,000.

Cash Balance	£
Opening Balance at 1 April 2020	105,402
Repayment of Principal (Long Term Debtors)	
Jedburgh Bowling Club Loan	5,000
Projected Surplus (Deficit) for year from Income & Expenditure Statement	9,228
Net cash Movement in Debtors/Creditors	(30,000)
Rebate Investment in Aegon	(771)
Closing Balance as at 31 March 2021	88,859

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, the Chief Officer 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
Chief Financial Officer

Signature

Author(s)

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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.

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**JEDBURGH COMMON GOOD FUND
PROJECTED INCOME AND EXPENDITURE 2020/21**

	Actuals at 30/06/20	Full Year Approved Budget 2020/21	Full Year Projected Out-turn 2020/21	Full Year Projected Over/(Under) Spend 2020/21	Para Ref	Commentary
	£	£	£	£		
Property Income						
Rentals Receivable	0	0	0		4.2	
Non-Property Related Income						
Interest Receivable from Loans to – Jedburgh Bowling Club	0	(354)	(354)		4.3	
Interest on Cash deposited with Council	0	(340)	(340)		4.3	
Investment Funds – Dividends Rec'd	(3,865)	(23,110)	(23,110)		4.3	
Other Income	0	(950)	(950)		4.3	
Total Income	(3,865)	(24,754)	(24,754)			
Property Expenditure						
Property Costs – General	0	0	0		4.4	
Total Property Expenditure	0	0	0			
Grants & Other Donations	0	11,500	11,500		4.5	
Central Support Service Charge	0	3,976	3,976			
Depreciation						
Depreciation Charge	0	11,733	11,733		4.6	
Contribution from Revaluation Reserve	0	(11,733)	(11,733)		4.6	
Net impact of Depreciation on Revenue Reserve	0	0	0			
Total Net (Surplus)/Deficit for year	(3,865)	(9,228)	(9,228)			

JEDBURGH COMMON GOOD FUND

PROJECTED BALANCE SHEET VALUE AT 31 March 2021

	Opening Balance at 01/04/20	Projected Movement in Year	Projected Closing Balances at 31/03/21
	£	£	£
Fixed Assets			
Land & Buildings	540,267	(11,733)	528,534
Feu Duties	0	0	0
Total Fixed Assets	540,267	(11,733)	528,534
Capital in Investment Funds			
Investment Fund Book Value	904,686	771	905,457
Unrealised Gains/(Loss)	(137,136)	0	(137,136)
Market Value	767,550	771	768,321
Long Term Debtors			
Loan to Jedburgh Bowling Club	15,000	(5,000)	10,000
	15,000	(5,000)	10,000
Current Assets			
Debtors	3,552	0	3,552
Cash deposited with SBC	105,402	(16,543)	88,859
Total Current Assets	108,954	(16,543)	92,411
Current Liabilities			
Creditors	(30,000)	30,000	0
Receipts in Advance	0	0	0
Total Current Liabilities	(30,000)	30,000	0
Net Assets	1,401,771	(2,505)	1,399,266
Funded by:			
Reserves			
Revenue Reserve	(83,466)	(9,228)	(92,694)
Capital Reserve	(780,711)	0	(780,711)
Revaluation Reserve	(537,594)	11,733	(525,861)
Total Reserves	(1,401,771)	2,505	(1,399,266)

JEDBURGH COMMON GOOD FUND

PROPERTY PORTFOLIO PERFORMANCE FOR 2020/21
(Projected Income and Expenditure to 30 June 2020)

Fixed Assets – Land & Buildings	Net Book Value at 31/03/20 £	Projected Depn Charge 2020/21 £	Projected Net Book Value at 31/03/21 £	Projected Rental Income 2020/21 £	Actual Property Expenditure at 30/06/20				
					Repairs £	Rates, Water & Power £	Ins £	Other £	Total £
Jedburgh Castle Jail	0	0	0	0	0	0	0	0	0
Mary Queen of Scots House	540,267	11,733	528,534	0	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	540,267	11,733	528,534	0	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
Aegon Fund Rebate - (2020-2021)	234	220
Total Invested to 30 June 2018	835,799	904,906

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
31 March 2020	767,550
30 June 2020	827,775
Increase/(Decrease) from Total Cash Invested	(77,131)

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