
MONITORING REPORT FOR 9 MONTHS TO 31 DECEMBER 2020 AND PROPOSED BUDGET FOR FINANCIAL YEAR 2021/22

Report by Executive Director, Finance & Regulatory

SELKIRK COMMON GOOD FUND SUB-COMMITTEE

10 FEBRUARY 2021

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Selkirk Common Good Fund for the nine months to 31 December 2020, a full year projected out-turn for 2020/21, projected balance sheet values as at 31 March 2021 and proposed budget for 2021/22.**
- 1.2 Appendix 1 provides the projected income and expenditure position for 2020/21. This shows a projected deficit of £40,208 for the year, which is slightly lower than the deficit figure reported at the 9 December 2020 meeting, due to an improvement in the return on the Aegon Investment Fund.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2021. It shows a projected decrease in the reserves of £129,509.
- 1.4 Appendix 3a provides a breakdown of the property portfolio showing projected rental income and net return for 2020/21 and actual property income to 31 December 2020.
- 1.5 Appendix 3b provides a breakdown of the property portfolio showing projected property expenditure for 2020/21 and actual property expenditure to 31 December 2020.
- 1.6 Appendix 4 provides a breakdown of the property portfolio showing projected property valuations at 31 March 2021.
- 1.7 Appendix 5 shows the value of the Aegon Asset Management Investment Fund to 31 December 2020.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Fund Sub-Committee:**
 - (a) Agrees the projected income and expenditure for 2020/21 in Appendix 1 as the revised budget for 2020/21;**
 - (b) Agrees the proposed budget for 2021/22 as shown in Appendix 1;**

- (c) **Notes that expenditure is exceeding income for 2020/21 and 2021/22 and agrees to review expenditure plans to ensure that investments and reserves are not inadvertently eroded;**
- (d) **Notes the projected balance sheet value as at 31 March 2021 in Appendix 2;**
- (e) **Notes the summary of the property portfolio in Appendices 3 and 4; and**
- (f) **Notes the current position of the Aegon Asset Management Investment Fund in Appendix 5.**

3 BACKGROUND

3.1 This report provides the Committee with financial information for the period to 31 December 2020, projections to 31 March 2021 and proposed budgets for 2021/22. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2021 and 31 March 2022.

4 FINANCIAL POSITION 2020/21

4.1 Appendix 1 provides detail on income and expenditure for the 2020/21 financial year. The projected net position for the year is a deficit of £40,208. Also included is the proposed budget for 2021/22.

4.2 Income & Expenditure – Property Income

Rental income for 2020/21 is shown in Appendices 1 & 3a, with Appendix 3a detailing the projected annual rental income by individual property. Actual income is reported on a cash basis until the year end with quarter 4 reports incorporating any annual adjustments for prepayments and accruals.

4.3 Income & Expenditure – Non-Property Related Income

(a) The projected outturn position shows an amount of £50 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 £9,491, with the revised projection estimated at 4.5% return. As a result of the market value dropping due to the impact of the COVID-19, this projected 4.5% return is less than the overall 5% target and the monthly distribution profile projections provided by Aegon, but is an improvement on the original 2.5% budgeted return.

(b) Included within other income is a rebate from Aegon Asset Management of £105 which, along with the £55 received in March 2020, has been re-invested to purchase an additional 163 units.

4.4 Income & Expenditure – Property Expenditure

(a) The property expenditure for 2020/21 is shown in Appendices 1 & 3b, with Appendix 3b detailing the projected property expenditure by individual property. Actual expenditure is reported on a cash basis until the year end with quarter 4 reports incorporating any annual adjustments for prepayments and accruals.

- (b) The total proposed budget for 2021/22 is shown in Appendix 1.
- (c) Appendices 3a and 3b now show a full breakdown of the proposed budget for property rental and repairs for 2021/22. These will be revised as further information is received.

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 31 December 2020		
Ettrick Forest Bowling Club	02/07/20	2,540
Blooming Selkirk	02/07/20	750
Selkirk Common Riding Trust	27/08/20	2,250
Selkirk Ladies Hockey Club Youth Development	09/12/20	250
Total Paid to 31 March 2021		5,790
Approved but not paid		
Selkirk Musical Theatre Group (see Note(a) below)	02/07/20	1,500
Cycling Without Age (see Note (b) below)	09/12/20	8,450
		15,740
2020/21 Budget		24,560
(Unallocated)/Overallocated Budget		(8,820)

- (a) Grant approved subject to the condition that, under COVID-19 restrictions, should the production not go ahead then the grant will not be paid out.
- (b) Grant approved subject to the condition that, they continue to source other forms of grant funding and the CGF be consulted on any future disposals.

4.6 Income & Expenditure – Depreciation Charge

The projected depreciation charge for the year is £110,081. This is not a cash transaction and is off-set by a corresponding contribution from the Revaluation Reserve at the end of the year.

- 4.7 Appendix 2 provides the balance sheet value to 31 March 2020, the projected movement in year and a projected balance as at 31 March 2021; along with projected balance to 31 March 2022.

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 4 shows the values of the individual properties at 31 March 2020, projected depreciation charges 2020/21 and projected value at 31 March 2021; along with projected value at 31 March 2022.

4.9 Balance Sheet –Investment Fund

- (a) The fund has a 0.61% 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 14.09% since investment in February 2018.

4.10 Balance Sheet – Cash Balance

The projected cash held by the fund is £10,275 at 31 March 2021 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2020	50,687
Projected surplus/(deficit) for year from I&E Statement	(40,208)
Net Cash Movement in Debtors/Creditors	0
Rebate Investment in Aegon	(204)
Projected Closing Balance at 31 March 2021	10,275

4.11 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, with an estimate for the current years' movement based on the market position at 31 December 2020.

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 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 and the Clerk to the Council have been consulted and their appropriate comments have been incorporated into this report.

Approved by

David Robertson

Signature

Executive Director, Finance & Regulatory

Author(s)

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Background Papers:

Previous Minute Reference: Selkirk Common Good Committee 9 December 2020

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SELKIRK COMMON GOOD FUND
APPENDIX 1
PROJECTED INCOME AND EXPENDITURE 2020/21 AND 2021/22

	Actuals at 31/12/20	Full Year Approved Budget 2020/21	Full Year Projected Out-turn 2020/21	Full Year Projected Over/ (Under) Spend 2020/21	Full Year Proposed Budget 2021/22	Para Ref	Commentary
	£	£	£	£	£		
Property Income							
Rental Income	(85,473)	(62,656)	(62,656)		(62,556)	4.2	
Non-Property Related Income							
Interest on Cash deposited with Council	0	(50)	(50)		(50)	4.3	
Investment Funds – Dividends Rec'd	(5,838)	(5,273)	(9,491)	(4,218)	(9,491)	4.3	Estimate revised to 4.5% return
Realised Gain on Disinvestment	0	0	0		0		
Other Income	(105)	(260)	(260)		(260)	4.3	
Total Income	(91,416)	(68,239)	(72,457)	(4,218)	(72,357)		
Property Expenditure							
Property Costs – General	26,402	77,125	77,125		46,000	4.4	
Total Property Expenditure	26,402	77,125	77,125		46,000		
Grants & Other Donations	5,790	24,560	24,560		21,800	4.5	
Central Support Service Charge	10,980	10,980	10,980		10,980		
Depreciation							
Depreciation Charge	0	110,081	110,081		110,081	4.6	
Contribution from Revaluation Reserve	0	(110,081)	(110,081)		(110,081)	4.6	
Net impact of Depreciation on Revenue Reserve	0	0	0		0		
Total Net (Surplus)/Deficit for year	(48,244)	44,426	40,208	(4,218)	6,423		

PROJECTED BALANCE SHEET VALUE AS AT 31 MARCH 2021

	Opening Balance at 01/04/20	Projected Movement in Year	Projected Closing Balance at 31/03/21	Projected Closing Balance at 31/03/22
	£	£	£	£
Fixed Assets				
Land & Buildings	3,900,892	(110,081)	3,790,811	3,680,730
Moveable Assets	1,500	0	1,500	1,500
Total Fixed Assets	3,902,392	(110,081)	3,792,311	3,682,230
Capital in Investment Funds				
Investment Fund Book Value	228,128	204	228,332	228,536
Unrealised Gains/(Loss)	(34,384)	33,213	(1,171)	(1,171)
Market Value	193,744	20,984	227,161	227,365
Current Assets				
Debtors	9,596	0	9,596	9,596
Cash deposited with SBC	50,687	(40,412)	10,275	3,655
Total Current Assets	60,283	(40,412)	19,871	13,251
Current Liabilities				
Creditors	(1,915)	0	(1,915)	(1,915)
Receipts in Advance	(358)	0	(358)	(358)
Total Current Liabilities	(2,273)	0	(2,273)	(2,273)
Net Assets	4,154,146	(129,509)	4,037,070	3,920,573
Funded by:				
Reserves				
Revenue Reserve	(111,530)	40,208	(71,322)	(64,906)
Capital Reserve	(160,616)	(33,213)	(193,829)	(193,829)
Revaluation Reserve	(3,882,000)	110,081	(3,771,919)	(3,661,838)
Total Reserves	(4,154,146)	129,509	(4,037,070)	(3,920,573)

PROPERTY PORTFOLIO PERFORMANCE FOR 2020/21
(Actual income to 31 December 2020 and projected 2021/22)

Rental Income – Land & Buildings	2020/21				2021/22	
	Approv'd Budget	Project'd	Actual	Project'd Net Return	Proposed Budget	Proposed Net Return
	£	£	£	£	£	£
The Green Hut	1,175	1,175	0	(2,525)	1,175	1,175
Town Hall Clock	0	0	0	0	0	0
Pant Well Monument	0	0	0	0	0	0
Victoria Hall Caretakers Flat	0	0	0	0	0	0
Victoria Hall	0	0	0	(11,750)	0	(10,000)
Pringle Park	0	0	0	0	0	0
Victoria Park Pavilion site	200	200	233	200	200	200
Pringle Park Play Area	0	0	0	(175)	0	0
Selkirk Golf Course	0	0	0	0	0	0
South Common Farm	9,600	9,600	11,274	8,600	9,500	3,500
Smedheugh Farm	23,500	23,500	38,973	(8,000)	23,500	13,500
Selkirk Hill Grazings	410	410	410	410	410	410
Linglie Farm	7,300	7,300	8,456	(21,700)	7,300	(2,700)
Victoria Park & Caravan Site	0	0	0	0	0	0
26 Market Place	4,160	4,160	4,853	4,160	4,160	4,160
28 Market Place	5,600	5,600	6,253	5,600	5,600	5,600
Selkirk Town Hall	0	0	0	0	0	0
South Common Plantations	0	0	0	0	0	0
Smedheugh Farm Shootings	200	200	250	200	200	200
Smedheugh Plantations	0	0	0	0	0	0
Linglie Plantations	0	0	0	0	0	0
Linglie Farm Shootings	0	0	0	0	0	0
Linglie Mast Site	10,311	10,311	14,521	10,311	10,311	10,311
South Common Farm Shootings	200	200	250	200	200	200
Bog Park Recreation Area	0	0	0	0	0	0
Shawburn Amenity Ground	0	0	0	0	0	0
Shawburn Toll Embankment	0	0	0	0	0	0
Bog Park Playground	0	0	0	0	0	0
Victoria Park Play Area	0	0	0	0	0	0
Civic Amenity Site	0	0	0	0	0	0
Rosebank Quarry Former Tip Site	0	0	0	0	0	0
Rosebank Quarry Play Area	0	0	0	0	0	0
Shawpark Road Development Site	0	0	0	0	0	0
River Ettrick Salmon Fishing Right	0	0	0	0	0	0
Sir Walter Scott	0	0	0	0	0	0
Selkirk Hill Management Fee	0	0	0	0	0	(10,000)
Property Expenditure - General	0	0	0	0	0	0
Total	62,656	62,656	85,473	(14,469)	62,556	16,556

PROPERTY PORTFOLIO PERFORMANCE FOR 2020/21**(Actual expenditure to 31 December 2020 and projected 2021/22)**

Property Expenditure – Land & Buildings	2020/21					2021/22
	Approv'd Budget	Project'd	Actual (Repair & Maint)	Actual (Other)	Actual Total	Proposed Budget
	£	£	£	£	£	£
The Green Hut	3,700	3,700	3,605	0	3,605	0
Town Hall Clock	0	0	0	0	0	0
Pant Well Monument	0	0	0	0	0	0
Victoria Hall Caretakers Flat	0	0	0	0	0	0
Victoria Hall	11,750	11,750	3,801	0	3,801	10,000
Pringle Park	175	175	0	0	0	0
Victoria Park Pavilion site	0	0	0	0	0	0
Pringle Park Play Area	0	0	0	0	0	0
Selkirk Golf Course	0	0	0	0	0	0
South Common Farm	1,000	1,000	0	500	500	6,000
Smedheugh Farm	31,500	31,500	8,436	0	8,436	10,000
Selkirk Hill Grazings	0	0	0	0	0	0
Linglie Farm	29,000	29,000	196	0	196	10,000
Victoria Park & Caravan Site	0	0	0	0	0	0
26 Market Place	0	0	0	(37)	(37)	0
28 Market Place	0	0	0	(99)	(99)	0
Selkirk Town Hall	0	0	0	0	0	0
South Common Plantations	0	0	0	0	0	0
Smedheugh Farm Shootings	0	0	0	0	0	0
Smedheugh Plantations	0	0	0	0	0	0
Linglie Plantations	0	0	0	0	0	0
Linglie Farm Shootings	0	0	0	0	0	0
Linglie Mast Site	0	0	0	0	0	0
South Common Farm Shootings	0	0	0	0	0	0
Bog Park Recreation Area	0	0	0	0	0	0
Shawburn Amenity Ground	0	0	0	0	0	0
Shawburn Toll Embankment	0	0	0	0	0	0
Bog Park Playground	0	0	0	0	0	0
Victoria Park Play Area	0	0	0	0	0	0
Civic Amenity Site	0	0	0	0	0	0
Rosebank Quarry Former Tip Site	0	0	0	0	0	0
Rosebank Quarry Play Area	0	0	0	0	0	0
Shawpark Road Development Site	0	0	0	0	0	0
River Ettrick Salmon Fishing Right	0	0	0	0	0	0
Sir Walter Scott	0	0	0	0	0	0
Selkirk Hill Management Fee	0	0	0	10,000	0	10,000
Property Expenditure - General	0	0	0	0	0	0
Total	77,125	77,125	16,038	10,364	26,402	46,000

PROPERTY PORTFOLIO VALUATION FOR 2020/21**(Projected property valuation to 31 March 2021 and 31 March 2022)**

Fixed Assets – Land & Buildings	Net Book Value at 01/04/20	Project'd Depn Charge 2020/21	Project'd Net Book Value at 31/03/21	Project'd Depn Charge 2021/22	Project'd Net Book Value at 31/03/22
	£	£	£	£	£
The Green Hut	3,300	0	3,300	0	3,300
Town Hall Clock	0	0	0	0	0
Pant Well Monument	0	0	0	0	0
Victoria Hall Caretakers Flat	56,144	3,857	52,287	3,857	48,430
Victoria Hall	861,404	53,671	807,733	53,671	754,062
Pringle Park	0	0	0	0	0
Victoria Park Pavilion site	4,000	0	4,000	0	4,000
Pringle Park Play Area	0	0	0	0	0
Selkirk Golf Course	152,000	0	152,000	0	152,000
South Common Farm	438,536	6,463	432,073	6,463	425,610
Smedheugh Farm	1,080,250	19,750	1,060,500	19,750	1,040,750
Selkirk Hill Grazings	36,000	0	36,000	0	36,000
Linglie Farm	713,198	6,800	706,398	6,800	699,598
Victoria Park & Caravan Site	0	0	0	0	0
26 Market Place	31,742	3,160	28,582	3,160	25,422
28 Market Place	39,400	4,000	35,400	4,000	31,400
Selkirk Town Hall	142,618	12,380	130,238	12,380	117,858
South Common Plantations	9,000	0	9,000	0	9,000
Smedheugh Farm Shootings	1,000	0	1,000	0	1,000
Smedheugh Plantations	35,000	0	35,000	0	35,000
Linglie Plantations	22,500	0	22,500	0	22,500
Linglie Farm Shootings	3,250	0	3,250	0	3,250
Linglie Mast Site	88,000	0	88,000	0	88,000
South Common Farm Shooting	1,000	0	1,000	0	1,000
Bog Park Recreation Area	0	0	0	0	0
Shawburn Amenity Ground	40,000	0	40,000	0	40,000
Shawburn Toll Embankment	0	0	0	0	0
Bog Park Playground	0	0	0	0	0
Victoria Park Play Area	0	0	0	0	0
Civic Amenity Site	109,800	0	109,800	0	109,800
Rosebank Quarry Former Tip Site	0	0	0	0	0
Rosebank Quarry Play Area	0	0	0	0	0
Shawpark Road Development Site	32,000	0	32,000	0	32,000
River Ettrick Salmon Fishing Right	750	0	750	0	750
Sir Walter Scott	0	0	0	0	0
Selkirk Hill Management Fee	0	0	0	0	0
Property Expenditure Gen	0	0	0	0	0
Total	3,900,892	110,081	3,790,811	110,081	3,680,730

Fixed Assets – Moveable Assets	Net Book Value at 31/03/21	Net Book Value at 31/03/22
	£	£
Provosts Badge & Chain	0	0
Treasurer's Badge & Chain	0	0
Baillies Badges & Chains	0	0
Burgess Cup	0	0
Burgess Roll	0	0
Silver Arrow Display Case	1,500	1,500
Haining Painting	0	0
Total	1,500	1,500

INVESTMENTS EXTERNALLY MANAGED

Cost of Investment	Units	£
Aegon Asset Management Investment (February 2018)	168,040	181,938
Aegon Asset Management Investment (March 2018)	46,331	50,000
Aegon Asset Management Investment (August 2018)	69,335	75,000
Aegon Asset Management Disinvestment (March 2019)	(37,216)	(40,294)
Aegon Fund Rebate – (2018-2019)	290	313
Aegon Asset Management Disinvestment (June 2019)	(36,052)	(39,033)
Aegon Fund Rebate – (2019-2020)	184	204
Aegon Fund Rebate – (2020-2021)	163	160
Total Invested to 31 December 2020	211,075	228,288

Value of Investment	£
31 March 2018	231,938
30 June 2018	229,977
30 September	305,525
31 December 2018	288,700
31 March 2019	269,040
30 June 2019	233,639
30 September 2019	233,827
31 December 2019	241,751
31 March 2020	193,744
30 June 2020	208,945
30 September 2020	214,631
31 December 2020	227,117
Increase/(Decrease) from Total Cash Invested	(1,171)

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