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

Report by Executive Director, Finance & Regulatory

GALASHIELS COMMON GOOD FUND SUB-COMMITTEE

18 MARCH 2021

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Galashiels 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 surplus of £25 for the year, which is better than the previously reported deficit on 3 December, due to an improvement in the return on the Aegon Investment Fund.
- 1.3 Appendix 2 provides a projected balance sheet as at 31 March 2021. It shows a projected decrease in the reserves of £31,086.
- 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 the projected balance sheet value as at 31 March 2021 in Appendix 2;**
- (d) Notes the summary of the property portfolio in Appendices 3 and 4; and**
- (e) 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 details on income and expenditure for the 2020/21 financial year. The projected net position for the year is a surplus of £25. Also included is the proposed budget for 2021/22.

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 projected outturn position shows an amount of £30 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 £6,631, 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 £73 which, along with the £39 received in March 2020, has been re-invested to purchase an additional 114 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.

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		0
Total Paid to 31 March 2021		0
Budget 2020/21		500
Unallocated/(Overallocated) Budget		0

4.6 Income & Expenditure – Depreciation Charge

The projected depreciation charge for the year is £54,309. 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; 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 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; along with projected balance to 31 March 2022.

4.9 Balance Sheet – Investment Fund

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

4.10 Balance Sheet – Cash Balance

The cash held by the fund is projected to be £10,502 at 31 March 2021 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2020	9,863
Projected Surplus/(Deficit) for year from Income & Expenditure Statement	25
Net cash movement in Debtors/Creditors	750
Investment in Aegon Asset Management	0
Rebate Investment in Aegon	(136)
Projected Closing Balance as at 31 March 2021	10,502

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 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 good governance required to ensure robust 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 Monitoring Officer/Chief Legal 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)

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Background Papers:

Previous Minute Reference: Galashiels Common Good Committee 3 December 2020

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GALASHIELS 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	0	0	0		0	4.2	
Non-Property Related Income							
Interest on Cash deposited with Council		(30)	(30)		(30)	4.3	
Investment Funds – Dividends Rec’d	(4,077)	(3,683)	(6,631)	(2,948)	(6,631)	4.3	Estimate revised to 4.5% return
Other Income	(73)	(175)	(175)		(175)	4.3	
Total Income	(4,150)	(3,888)	(6,836)	(2,948)	(6,836)		
Property Expenditure							
Property Costs – General	3,132	4,200	4,200		750	4.4	
Total Property Expenditure	3,132	4,200	4,200		750		
Grants & Other Donations	0	500	500		500	4.5	
Central Support Service Charge	2,111	2,111	2,111		2,153		2021/22 – 2% uplift
Depreciation							
Depreciation Charge	0	54,309	54,309		54,309	4.6	
Contribution from Revaluation Reserve	0	(54,309)	(54,309)		(54,309)	4.6	
Net impact of Depreciation on Revenue Reserve	0	0	0		0		
Total Net (Surplus)/Deficit for year	1,093	2,923	(25)	(2,948)	(3,433)		

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	682,293	(54,309)	627,984	573,675
Heritable Assets	0	0	0	0
Total Fixed Assets	682,293	(54,309)	627,984	573,675
Capital in Investment Fund				
Investment Fund Book Value	159,491	136	159,627	159,763
Unrealised Gains/(Loss)	(24,168)	23,198	(970)	(970)
Market Value	135,323	23,334	158,657	158,793
Current Assets				
Debtors	626	0	626	626
Cash deposited with SBC	9,863	639	10,502	13,799
Total Current Assets	10,489	639	11,128	14,425
Current Liabilities				
Creditors	750	(750)	0	0
Total Current Liabilities	750	(750)	0	0
Net Assets	828,855	(31,086)	797,769	746,893
Funded by:				
Reserves				
Revenue Reserve	(21,001)	(25)	(21,026)	(24,459)
Capital Reserve	(278,887)	(23,198)	(302,085)	(302,085)
Revaluation Reserve	(528,967)	54,309	(474,658)	(420,349)
Total Reserves	(828,855)	31,086	(797,769)	(746,893)

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

Property Expenditure – Land & Buildings	2020/21				2021/22	
	Approv'd Budget	Project'd	Actual	Project'd Net Return	Proposed Budget	Proposed Net Return
	£	£	£	£	£	£
Bank Street Gardens	0	0	0	0	0	0
Ladhope Drive Car Park	0	0	0	0	0	0
Ladhope Golf Course	0	0	0	0	0	0
Ladhope Woodland	0	0	0	0	0	0
Ladhope Glen Park	0	0	0	0	0	0
Ladhope Recreation Ground	0	0	0	0	0	0
Old Gala House	0	0	0	1,200	0	0
Mercat Cross	0	0	0	0	0	0
Sir Walter Scott Statue	0	0	0	0	0	0
Old Town Cemetery	0	0	0	0	0	0
Amenity Ground at Haliburton Pl	0	0	0	0	0	0
Leabrae Playground	0	0	0	0	0	0
Sml area of Netherdale Play Field	0	0	0	0	0	0
Heatheryett	0	0	0	2,000	0	0
Property Expenditure (General)	0	0	0	1,000	0	750
Total	0	0	0	4,200	0	750

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	Propos'd Budget
	£	£	£	£	£	£
Bank Street Gardens	0	0	0	0	0	0
Ladhope Drive Car Park	0	0	0	0	0	0
Ladhope Golf Course	0	0	150	0	150	0
Ladhope Woodland	0	0	0	0	0	0
Ladhope Glen Park	0	0	0	0	0	0
Ladhope Recreation Ground	0	0	0	0	0	0
Old Gala House	1,200	1,200	1,187	0	1,187	0
Mercat Cross	0	0	0	0	0	0
Sir Walter Scott Statue	0	0	0	0	0	0
Old Town Cemetery	0	0	0	0	0	0
Amenity Ground at Haliburton Pl	0	0	0	0	0	0
Leabrae Playground	0	0	0	0	0	0
Sml area of Netherdale Play Field	0	0	0	0	0	0
Heatheryett	2,000	2,000	1,795	0	1,795	0
Property Ependiture (General)	1,000	1,000	0	0	0	750
Total	4,200	4,200	3,132	0	3,132	750

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
	£	£	£	£	£
Bank Street Gardens	0	0	0	0	0
Ladhope Drive Car Park	0	0	0	0	0
Ladhope Golf Course	23,000	0	23,000	0	23,000
Ladhope Woodland	16,000	0	16,000	0	16,000
Ladhope Glen Park	0	0	0	0	0
Ladhope Recreation Ground	0	0	0	0	0
Old Gala House	643,293	54,309	588,984	54,309	534,675
Mercat Cross	0	0	0	0	0
Sir Walter Scott Statue	0	0	0	0	0
Old Town Cemetery	0	0	0	0	0
Amenity Ground at Haliburton Pl	0	0	0	0	0
Leabrae Playground	0	0	0	0	0
Sml area of Netherdale Play Field	0	0	0	0	0
Total	682,293	54,309	627,984	54,309	573,675

**Fixed Assets –
Moveable Assets**

Minute Books
Provosts Chain & Badge
Provosts Robes & Hats (2 of each)
Baillies Robes & Hats
Stamp with Burgh Seal
Silver Trophy
Gold Watch
Gold Key & Medal
Scott Manuscript
Collection of Coins (12)
Bottle (storage for coins)
Braw Lads Medal (2)
Commemorative Medals (2)

Total

INVESTMENTS EXTERNALLY MANAGED

Cost of Investment	Units	£
Aegon Asset Management Investment (February 2018)	136,558	147,851
Transfer of Investment – Ex Provost Mercer (April 18)	1,239	1,342
Aegon Asset Management Investment (September 2018)	9,244	10,000
Aegon Fund Rebate – (2018-2019)	150	162
Aegon Fund Rebate – (2019-2020)	123	136
Aegon Fund Rebate – (2020-2021)	114	112
Total Invested To 31 December 2020	147,428	159,603

Value of Investment	£
31 March 2018	147,374
30 June 2018	146,499
30 September 2018	157,015
31 December 2018	148,369
31 March 2019	160,469
30 June 2019	163,188
30 September 2019	163,320
31 December 2019	167,854
31 March 2020	135,323
30 June 2020	145,941
30 September 2020	146,949
31 December 2020	158,633
Increase/(Decrease) from Total Cash Invested	(970)

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