
MONITORING REPORT FOR 12 MONTHS TO 31 MARCH 2021

Report by Executive Director, Finance & Regulatory

JEDBURGH COMMON GOOD FUND SUB-COMMITTEE

7 June 2021

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 2020/21 including balance sheet values as at 31 March 2021, a full year projected out-turn for 2021/22, and projected balance sheet values as at 31 March 2022.**
- 1.2 Appendix 1 provides the actual income and expenditure for 2020/21. This shows a surplus of £33,044 for the year, which is better than the surplus figure reported at the 23 March 2021 meeting, as the result of an underspend in the Grants & Donations budget.
- 1.3 Appendix 2 provides an actual balance sheet value as at 31 March 2021. It shows an increase in the reserves of £166,920, due to the annual release from Revaluation Reserve off-set by unrealised gain on the Aegon Asset Management Fund.
- 1.4 Appendix 3a provides a breakdown of the property portfolio showing actual rental income and net return for 2020/21.
- 1.5 Appendix 3b provides a breakdown of the property portfolio showing actual property expenditure for 2020/21.
- 1.6 Appendix 4 provides a breakdown of the property portfolio showing actual property valuations at 31 March 2021.
- 1.7 Appendix 5 shows the value of the Aegon Asset Management Investment Fund to 31 March 2021.

2 RECOMMENDATIONS

2.1 It is recommended that the Common Good Fund Sub-Committee:

- (a) Notes the actual income and expenditure for 2020/21 in Appendix 1;**
- (b) Notes the final balance sheet value as at 31 March 2021, and projected balance sheet value as at 31 March 2022 in Appendix 2;**
- (c) 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 March 2021 and projections to 31 March 2022. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2022.

4 FINANCIAL POSITION 2020/21

4.1 Appendix 1 provides details on income and expenditure for the 2020/21 financial year, which resulted in a surplus of £33,044, as well as projections for 2021/22.

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 final outturn position shows an amount of £84 relating to interest receivable on cash held by SBC, a drop from projections due to the negative effect on interest rates from COVID-19. Also included are dividends from the Common Good Funds investment in Aegon Asset Management amounting to £38,205 which is slightly ahead of the revised projection of 4.5% return, while less than the overall 5% target and the monthly distribution profile projections provided by Aegon.
- (b) As the full economic recovery from the COVID-19 impact is not yet known the projections for 2021/22 have been retained at 4.5% 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 of £641 which, along with the £220 received in March 2020, has been re-invested to purchase an additional 855 units. Rebate income received in March 2021 of £235 has been accounted for within income but the corresponding 214 units were not purchased until April 2021.

4.4 Income & Expenditure – Property Expenditure

- (a) There are no Property Expenses on the Jedburgh Common Good properties.
- (b) The projected expenditure for 2021/22 is shown in Appendix 1.
- (c) Appendices 3a and 3b show a full breakdown of the projections for property rental and repairs for 2021.

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 March 2021		
Jedburgh Community Council – Xmas Lights	14/09/20	1,000
Jedburgh Leisure Facilities Trust	15/12/20	1,500
Total Paid 31 March 2021		2,500
2020/21 Budget		11,500
<i>(Unallocated)/Overallocated Budget</i>		<i>(9,000)</i>

4.6 Income & Expenditure – Depreciation Charge

The 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 actual balance sheet value as at 31 March 2021, and a projected balance sheet as at 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, actual depreciation charges for 2020/21 and projected values at 31 March 2022.

4.9 Balance Sheet – Investment Fund

The fund has a 0.78% unrealised gain 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 16.84% since investment in February 2018.

The unrealised loss reported at 31 March 2020, which was due a fall in the overall markets resulting from COVID19, has over the last 12 months been fully recovered.

4.10 Balance Sheet – Long Term Debtors

Long Term Debtors reduced by £1,000 as detailed in Paragraph 4.11 leaving a projected year-end balance of £14,000.

4.11 Balance Sheet – Cash Balance

The cash held by the fund is £69,854 at 31 March 2021 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2020	105,402
<i>Repayment of Principal (Long Term Debtors)</i>	
- Jedburgh Bowling Club Loan	1,000
Surplus for year from Income & Expenditure Statement	33,044
Net cash Movement in Debtors/Creditors	(29,872)
Investment in Aegon	(38,859)
Rebate Investment in Aegon	(861)
Closing Balance as at 31 March 2021	69,854

4.12 Balance Sheet – Capital Reserve

The movements in the Capital Reserves include the unrealised gain for the Aegon Asset Management Fund as at 31 March 2021 but due to the nature of the markets no estimate has been made for the future 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

Executive Director, Finance & Regulatory

Signature

Author(s)

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Background Papers:

Previous Minute Reference: Jedburgh Common Good Committee 23 March 2021.

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
ACTUAL INCOME AND EXPENDITURE 2020/21**

APPENDIX 1

	Actuals at 31/03/21	Full Year Approved Budget 2020/21	Over/ (Under) Spend 2020/21	Full Year Approved Budget 2021/22	Para Ref	Commentary
	£	£	£	£		
Property Income						
Rental Income	0	0	0	0	4.2	
Non-Property Related Income						
Interest on Loan-Jedburgh Bowling Club	(355)	(354)	(1)	(332)	4.3	
Interest on Cash deposited with Council	(84)	(340)	256	(340)	4.3	
Investment Funds – Dividends Rec'd	(38,205)	(37,610)	(595)	(37,610)	4.3	Estimate revised to
Other Income	(876)	(950)	74	(950)	4.3	4.5% return
Total Income	(39,520)	(39,254)	(266)	(39,232)		
Property Expenditure						
Property Costs – General	0	0	0	0	4.4	
Total Property Expenditure	0	0	0	0		
Grants & Other Donations	2,500	11,500	(9,000)	7,900	4.5	
Central Support Service Charge	3,976	3,976	0	4,048		21/22 – 2% uplift
Depreciation						
Depreciation Charge	11,733	11,733		11,733	4.6	
Contribution from Revaluation Reserve	(11,733)	(11,733)		(11,733)	4.6	
Net impact of Depreciation on Revenue Reserve	0	0	0	0		
Total Net (Surplus)/Deficit for year	(33,044)	(23,778)	(9,266)	(27,284)		

BALANCE SHEET VALUE AT 31 MARCH 2021

	Opening Balance at 01/04/20	Movement in Year	Closing Balance at 31/03/21	Projected Closing Balance at 31/03/22
	£	£	£	£
Fixed Assets				
Land & Buildings	540,267	(11,733)	528,534	516,801
Feu Duties	0	0	0	0
Total Fixed Assets	540,267	(11,733)	528,534	516,801
Capital in Investment Funds				
Investment Fund Book Value	904,686	39,720	944,406	945,267
Unrealised Gains/(Loss)	(137,136)	145,609	8,473	8,473
Market Value	767,550	185,329	952,879	953,740
Long Term Debtors				
Loan to Jedburgh Bowling Club	15,000	(1,000)	14,000	10,000
	15,000	(1,000)	14,000	10,000
Current Assets				
Debtors	3,552	(128)	3,424	3,424
Cash deposited with SBC	105,402	(35,548)	69,854	100,277
Total Current Assets	108,954	(35,676)	73,278	103,701
Current Liabilities				
Creditors	(30,000)	30,000	0	0
Receipts in Advance	0	0	0	0
Total Current Liabilities	(30,000)	30,000	0	0
Net Assets	1,401,771	166,920	1,568,691	1,584,242
Funded by:				
Reserves				
Revenue Reserve	(83,466)	(33,044)	(116,510)	(143,794)
Capital Reserve	(780,711)	(145,609)	(926,320)	(926,320)
Revaluation Reserve	(537,594)	11,733	(525,861)	(514,128)
Total Reserves	(1,401,771)	(166,920)	(1,568,691)	(1,584,242)

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

Rental Income – Land & Buildings	2020/21				2021/22	
	Approv'd Budget	Project'd	Actual	Project'd Net Return	Propos'd Budget	Propos'd Net Return
	£	£	£	£	£	£
Jedburgh Castle Jail	0	0	0	0	0	0
Mary Queen of Scots House	0	0	0	0	0	0
Murray's Green Park	0	0	0	0	0	0
Dounehill (Dunshill)	0	0	0	0	0	0
Ramparts	0	0	0	0	0	0
Market Cross	0	0	0	0	0	0
Property Expenditure (General)	0	0	0	0	0	0
Total	0	0	0	0	0	0

PROPERTY PORTFOLIO PERFORMANCE FOR 2020/21
(Actual expenditure to 31 March 2021 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
	£	£	£	£	£	£
Jedburgh Castle Jail	0	0	0	0	0	0
Mary Queen of Scots House	0	0	0	0	0	0
Murray's Green Park	0	0	0	0	0	0
Dounehill (Dunshill)	0	0	0	0	0	0
Ramparts	0	0	0	0	0	0
Market Cross	0	0	0	0	0	0
Property Expenditure (General)	0	0	0	0	0	0
Total	0	0	0	0	0	0

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

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 Depn Charge 2021/22 £	Projected Net Book Value at 31/03/22 £
Jedburgh Castle Jail	0	0	0	0	0
Mary Queen of Scots House	540,267	11,733	528,534	11,733	516,801
Murray's Green Park	0	0	0	0	0
Dounehill (Dunshill)	0	0	0	0	0
Ramparts	0	0	0	0	0
Market Cross	0	0	0	0	0
Total	540,267	11,733	528,534	11,733	516,801

**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

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 Investment - November 2020	36,819	38,859
Aegon Fund Rebate - (2020-2021)	855	861
Total Invested to 31 December 2020	873,239	944,406

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
30 September 2020	833,496
31 December 2020	939,382
31 March 2021	952,879
Increase/(Decrease) from Total Cash Invested	8,473

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
to 31 March 2021	+0.78	+16.84