
MONITORING REPORT FOR 12 MONTHS TO 31 MARCH 2021

Report by Executive Director, Finance & Regulatory

SELKIRK COMMON GOOD FUND SUB-COMMITTEE

9 JUNE 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 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 £10,512 for the year, which is better than the previously reported surplus on 10 February 2021, as a result of an underspend in Grants & Donations and the property expenditure budget.
- 1.3 Appendix 2 provides an actual balance sheet value as at 31 March 2021. It shows a decrease in the reserves of £63,147, partly 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) Agrees the projected income and expenditure for 2021/22 in Appendix 1 as the revised budget for 2021/22;**
- (c) Notes the final balance sheet value as at 31 March 2021, and projected balance sheet value as at 31 March 2022 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 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 £10,512, as well as projections 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 outturn position shows an amount of £63 relating to interest receivable on cash held by SBC, a small increase from projections. Also included are dividends from the Common Good Funds investment in Aegon Asset Management amounting to £9,551 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 £158 which, along with the £56 received in March 2020, has been re-invested to purchase an additional 213 units. Rebate income received in March 2021 of £56 has been accounted for within income but the corresponding 52 units were not purchased until April 2021.

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 projected expenditure for 2021/22 is shown in Appendix 1. These projections have been updated following additional information from Estates regarding works required at the 3 farms.
- (c) Appendices 3a and 3b show a full breakdown of the projections 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 March 2021		
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
Cycling Without Age (see Note (b) below)	09/12/20	8,450
Scotts Selkirk/ Green Hut Notional Rent		2,350
Total Paid to 31 March 2021		16,590
Approved but not paid		
Selkirk Musical Theatre Group (see Note(a) below)	02/07/20	1,500
Total Grants Approved		1,500
Approved Budget 2020/21		24,560
<i>(Unallocated)/Overallocated Budget</i>		<i>(7,970)</i>

- (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 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 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 2021, 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 to a fall in the overall markets resulting from COVID-19, has over the last 12 months been fully recovered.

4.10 Balance Sheet – Cash Balance

The cash held by the fund is £66,038 at 31 March 2021 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2020	50,687
Surplus for year from I&E Statement	10,512
Net Cash Movement in Debtors/Creditors	5,053
Rebate Investment in Aegon	(214)
Closing Balance at 31 March 2021	66,038

4.11 Balance Sheet – Capital Reserve

The projections for 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.

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 10 February 2021

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SELKIRK COMMON GOOD FUND

APPENDIX 1

ACTUAL INCOME AND EXPENDITURE 2020/21

	Actuals at 31/03/21	Full Year Approved Budget 2020/21	Over/ (Under) Spend 2020/21	Full Year Approved Budget 2021/22	Full Year Projected Out-turn 2021/22	Full Year Projected Over/ (Under) Spend 2021/22	Para Ref	Comment
	£	£	£	£	£	£		
Property Income								
Rental Income	(64,080)	(62,656)	(1,424)	(62,556)	(63,731)	(1,175)	4.2	
Non-Property Related Income								
Interest on Cash deposited with Council	(63)	(50)	(13)	(50)	(50)	0	4.3	
Investment Funds – Dividends Rec'd	(9,511)	(9,491)	(20)	(9,491)	(9,491)	0	4.3	
Realised Gain on Disinvestment	0	0		0	0	0	4.3	
Other Income	(216)	(260)	44	(260)	(260)	0	4.3	
Total Income	(73,870)	(72,457)	(1,413)	(72,357)	(73,532)	(1,175)		
Property Expenditure								
Property Costs – General	35,788	77,125	(41,337)	46,000	42,500	(3,500)	4.4	
Total Property Expenditure	35,788	77,125		46,000	42,500	(3,500)		
Grants & Other Donations	16,590	24,560	(7,970)	21,800	21,800	0	4.5	
Central Support Service Charge	10,980	10,980	0	10,980	11,999	1,019		2% uplift
Depreciation								
Depreciation Charge	110,081	110,081	0	110,081	110,081	0	4.6	
Contribution from Revaluation Reserve	(110,081)	(110,081)	0	(110,081)	(110,081)	0	4.6	
Net impact of Depreciation on Revenue Reserve	0	0	0	0	0	0		
Total Net (Surplus)/Deficit for year	(10,512)	40,208	(50,720)	6,423	2,767	(3,656)		

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	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	214	228,342	228,556
Unrealised Gains/(Loss)	(34,384)	36,422	2,038	2,038
Market Value	193,744	20,984	230,380	230,594
Current Assets				
Debtors	9,596	(2,191)	7,405	7,405
Cash deposited with SBC	50,687	15,351	66,038	63,057
Total Current Assets	60,283	13,160	73,443	70,462
Current Liabilities				
Creditors	(1,915)	(635)	(2,550)	(2,550)
Receipts in Advance	(358)	(2,227)	(2,585)	(2,585)
Total Current Liabilities	(2,273)	(2,862)	(5,135)	(5,135)
Net Assets	4,154,146	(63,147)	4,090,999	3,978,151
Funded by:				
Reserves				
Revenue Reserve	(111,530)	(10,512)	(122,042)	(119,275)
Capital Reserve	(160,616)	(36,422)	(197,038)	(197,038)
Revaluation Reserve	(3,882,000)	110,081	(3,771,919)	(3,661,838)
Total Reserves	(4,154,146)	63,147	(4,090,999)	(3,978,151)

SELKIRK COMMON GOOD FUND

APPENDIX 3a

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	Actual	Actual Net (Return) /Loss £	Approv'd Budget	Project'd Out-turn	Project'd Net (Return) /Loss £
	£	£		£	£	£
The Green Hut	(1,175)	(2,350)	1,553	(1,175)	(2,350)	(2,350)
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	5,027	0	0	10,000
Pringle Park	0	0	0	0	0	0
Victoria Park Pavilion site	(200)	(200)	(200)	(200)	(200)	(200)
Pringle Park Play Area	0	0	0	0	0	0
Selkirk Golf Course	0	0	0	0	0	0
South Common Farm	(9,600)	(9,849)	(9,289)	(9,500)	(9,500)	(8,250)
Smedheugh Farm	(23,500)	(23,500)	(12,480)	(23,500)	(23,500)	(5,275)
Selkirk Hill Grazings	(410)	(410)	(410)	(410)	(410)	(410)
Linglie Farm	(7,300)	(7,300)	(3,312)	(7,300)	(7,300)	(4,275)
Victoria Park & Caravan Site	0	0	1,411	0	0	0
26 Market Place	(4,160)	(4,160)	(4,192)	(4,160)	(4,160)	(4,160)
28 Market Place	(5,600)	(5,600)	(5,689)	(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)	(200)	(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)	(10,311)	(10,311)	(10,311)	(10,311)
South Common Farm Shootings	(200)	(200)	(200)	(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	10,000	0	0	10,000
Property Expenditure - General	0	0	0	0	0	0
Total	(62,656)	(64,080)	(28,292)	(62,556)	(63,731)	(21,231)

SELKIRK COMMON GOOD FUND

APPENDIX 3b

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	Actual (Repair & Maint)	Actual (Other)	Actual Total	Approv'd Budget	Project'd Out-turn
	£	£	£	£		£
The Green Hut	3,700	3,903	0	3,903	0	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	4,966	61	5,027	10,000	10,000
Pringle Park	175	0	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	60	500	560	6,000	1,250
Smedheugh Farm	31,500	10,939	81	11,020	10,000	18,225
Selkirk Hill Grazings	0	0	0	0	0	0
Linglie Farm	29,000	3,988	0	3,988	10,000	3,025
Victoria Park & Caravan Site	0	1,411	0	1,411	0	0
26 Market Place	0	0	(32)	(32)	0	0
28 Market Place	0	0	(89)	(89)	0	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	10,000	10,000	10,000	10,000
Property Expenditure - General	0	0	0	0	0	0
Total	77,125	25,267	10,521	35,788	46,000	42,500

SELKIRK COMMON GOOD FUND

APPENDIX 4

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 01/04/20	Actual Depn Charge 2020/21	Actual 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	Projected 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)	213	214
Total Invested to 31 March 2021	211,125	228,342

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
To 31 March 2021	230,380
Increase/(Decrease) from Total Cash Invested	2,038

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