
MONITORING REPORT FOR 3 MONTHS TO 30 JUNE 2021

Report by Executive Director, Finance & Regulatory

SELKIRK COMMON GOOD FUND SUB-COMMITTEE

31 AUGUST 2021

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Selkirk Common Good Fund for three months to 30 June 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 projected income and expenditure position for 2021/22. This shows a projected surplus of £3,733 for the year.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2022. It shows a projected decrease in reserves of £106,348.
- 1.4 Appendix 3a provides a breakdown of the property portfolio showing projected rental income and projected net return for 2021/22 and actual property income to 30 June 2021.
- 1.5 Appendix 3b provides a breakdown of the property portfolio showing projected property expenditure for 2021/22 and actual property expenditure to 30 June 2021.
- 1.6 Appendix 4 provides a breakdown of the property portfolio showing projected property valuations at 31 March 2022.
- 1.7 Appendix 5 shows the value of the Aegon Asset Management Investment Fund to 30 June 2021.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Fund Sub-Committee:**
 - (a) Agrees the projected income and expenditure for 2021/22 in Appendix 1 as the revised budget for 2021/22;**
 - (b) Notes the 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**
 - (d) 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 30 June 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 2021/22

4.1 Appendix 1 provides details on income and expenditure for the 2021/22 financial year. The projected net position for the year is a surplus of £3,733.

4.2 Income & Expenditure – Property Income

Rental income for 2021/22 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 £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 which is currently 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 5% target and the monthly distribution profile projections provided by Aegon. The position will be monitored closely with Aegon Asset Management.
- (b) Rebate income from Aegon Asset Management received in March 2021 of £56 was accounted for in 2020/21 however the corresponding 52 units have been purchased in April 2021.

4.4 Income & Expenditure – Property Expenditure

- (a) The property expenditure for 2021/22 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 to include approved Electrical Installation Condition reports for Smedheugh Farm (£1,500) and Linglie Farm (£2,000). The budget for the Victoria Hall (£10,000) has been removed as responsibility for these repairs lie with SBC and Live Borders.
- (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 2022, are shown below:

Grant Recipients	Approved	£
Approved and Paid to 30 June 2021		0
Total Paid to 31 March 2022		0
Approved but not paid Selkirk Musical Theatre Group (see Note(a) below)	02/07/20	1,500
Total Grants Approved		1,500
Approved Budget 2021/22		21,800
(Unallocated)/Overallocated Budget		(20,300)

(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.

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 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 1 April 2021, actual depreciation charges for 2021/22 and projected values at 31 March 2022.

4.9 Balance Sheet – Investment Fund

The fund has a 1.10% 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 18.71% since investment in February 2018.

4.10 Balance Sheet – Cash Balance

The cash held by the fund is projected to be £69,557 at 31 March 2022 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2021	66,038
Projected surplus for year from Income & Expenditure statement	3,733
Net Cash Movement in Debtors/Creditors	0
Rebate Investment in Aegon	(214)
Closing Balance at 31 March 2022	69,557

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 Sustainable Development Goals

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 Climate Change

There are no effects on climate change 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 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

5.8 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 June 2021

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**SELKIRK COMMON GOOD FUND
PROJECTED INCOME AND EXPENDITURE 2021/22**

APPENDIX 1

	Actuals at 30/06/21	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	(50,812)	(63,731)	(63,731)	0	4.2	
Non-Property Related Income						
Interest on Cash deposited with Council	0	(50)	(50)	0	4.3	
Investment Funds – Dividends Rec'd	(1,053)	(9,491)	(9,491)	0	4.3	
Realised Gain on Disinvestment	0	0	0	0	4.3	
Other Income	0	(260)	(260)	0	4.3	
Total Income	(51,865)	(73,532)	(73,532)	0		
Property Expenditure						
Property Costs – General	1,271	42,500	36,000	(6,500)	4.4	
Total Property Expenditure	1,271	42,500	36,000	(6,500)		
Grants & Other Donations	0	21,800	21,800	0	4.5	
Central Support Service Charge	0	11,999	11,999	0		
Depreciation						
Depreciation Charge	0	110,081	110,081	0	4.6	
Contribution from Revaluation Reserve	0	(110,081)	(110,081)	0	4.6	
Net impact of Depreciation on Revenue Reserve	0	0	0	0		
Total Net (Surplus)/Deficit for year	(50,594)	2,767	(3,733)	(6,500)		

PROJECTED BALANCE SHEET VALUE AT 31 MARCH 2022

	Opening Balance at 01/04/21 £	Projected Movement in Year £	Projected Closing Balance at 31/03/22 £
Fixed Assets			
Land & Buildings	3,790,811	(110,081)	3,680,730
Moveable Assets	1,500	0	1,500
Total Fixed Assets	3,792,311	(110,081)	3,682,230
Capital in Investment Funds			
Investment Fund Book Value	228,342	214	228,556
Unrealised Gains/(Loss)	2,038	0	2,038
Market Value	230,380	214	230,594
Current Assets			
Debtors	7,405	0	7,405
Cash deposited with SBC	66,038	3,519	69,557
Total Current Assets	73,443	3,519	76,962
Current Liabilities			
Creditors	(2,550)	0	(2,550)
Receipts in Advance	(2,585)	0	(2,585)
Total Current Liabilities	(5,135)	0	(5,135)
Net Assets	4,090,999	(106,348)	3,984,651
Funded by:			
Reserves			
Revenue Reserve	(122,042)	(3,733)	(125,775)
Capital Reserve	(197,038)	0	(197,038)
Revaluation Reserve	(3,771,919)	110,081	(3,661,838)
Total Reserves	(4,090,999)	106,348	(3,984,651)

PROPERTY PORTFOLIO PERFORMANCE FOR 2021/22
(Actual income to 30 June 2021 and projections to 31 March 2022)

Rental Income – Land & Buildings	2021/22			
	Approv'd Budget 2021/22	Project'd Out-turn 2021/22	Actual As at 30/06/21	Project'd Net (Return) /Loss
	£	£	£	£
The Green Hut	(2,350)	(2,350)	0	(2,350)
Town Hall Clock	0	0	0	0
Pant Well Monument	0	0	0	0
Victoria Hall Caretakers Flat	0	0	0	0
Victoria Hall	0	0	0	0
Pringle Park	0	0	0	0
Victoria Park Pavilion site	(200)	(200)	(233)	(200)
Pringle Park Play Area	0	0	0	0
Selkirk Golf Course	0	0	0	0
South Common Farm	(9,500)	(9,500)	(10,425)	(8,250)
Smedheugh Farm	(23,500)	(23,500)	(15,471)	(3,775)
Selkirk Hill Grazings	(410)	(410)	(410)	(410)
Linglie Farm	(7,300)	(7,300)	(8,456)	(2,275)
Victoria Park & Caravan Site	0	0	0	0
26 Market Place	(4,160)	(4,160)	(4,853)	(4,160)
28 Market Place	(5,600)	(5,600)	(6,254)	(5,600)
Selkirk Town Hall	0	0	0	0
South Common Plantations	0	0	0	0
Smedheugh Farm Shootings	(200)	(200)	(250)	(200)
Smedheugh Plantations	0	0	0	0
Linglie Plantations	0	0	0	0
Linglie Farm Shootings	0	0	0	0
Linglie Mast Site	(10,311)	(10,311)	(4,210)	(10,311)
South Common Farm Shootings	(200)	(200)	(250)	(200)
Bog Park Recreation Area	0	0	0	0
Shawburn Amenity Ground	0	0	0	0
Shawburn Toll Embankment	0	0	0	0
Bog Park Playground	0	0	0	0
Victoria Park Play Area	0	0	0	0
Civic Amenity Site	0	0	0	0
Rosebank Quarry Former Tip Site	0	0	0	0
Rosebank Quarry Play Area	0	0	0	0
Shawpark Road Development Site	0	0	0	0
River Ettrick Salmon Fishing Right	0	0	0	0
Sir Walter Scott	0	0	0	0
Selkirk Hill Management Fee	0	0	0	10,000
Property Expenditure - General	0	0	0	0
Total	(63,731)	(63,731)	(50,812)	(27,731)

PROPERTY PORTFOLIO PERFORMANCE FOR 2021/22
(Actual expenditure to 30 June 2021)

Property Expenditure – Land & Buildings	2021/22				
	Approv'd Budget	Projectd	Actual (Repair & Maint) £	Actual (Other) £	Actual Total £
The Green Hut	0	0	0	0	0
Town Hall Clock	0	0	0	0	0
Pant Well Monument	0	0	0	0	0
Victoria Hall Caretakers Flat	0	0	0	0	0
Victoria Hall	10,000	0	0	0	0
Pringle Park	0	0	0	0	0
Victoria Park Pavilion site	0	0	94	0	94
Pringle Park Play Area	0	0	0	0	0
Selkirk Golf Course	0	0	0	0	0
South Common Farm	1,250	1,250	0	0	0
Smedheugh Farm	18,225	19,725	875	0	875
Selkirk Hill Grazings	0	0	0	0	0
Linglie Farm	3,025	5,025	488	0	488
Victoria Park & Caravan Site	0	0	0	0	0
26 Market Place	0	0	0	(75)	(75)
28 Market Place	0	0	0	(111)	(111)
Selkirk Town Hall	0	0	0	0	0
South Common Plantations	0	0	0	0	0
Smedheugh Farm Shootings	0	0	0	0	0
Smedheugh Plantations	0	0	0	0	0
Linglie Plantations	0	0	0	0	0
Linglie Farm Shootings	0	0	0	0	0
Linglie Mast Site	0	0	0	0	0
South Common Farm Shootings	0	0	0	0	0
Bog Park Recreation Area	0	0	0	0	0
Shawburn Amenity Ground	0	0	0	0	0
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	0	0	0	0	0
Rosebank Quarry Former Tip Site	0	0	0	0	0
Rosebank Quarry Play Area	0	0	0	0	0
Shawpark Road Development Site	0	0	0	0	0
River Ettrick Salmon Fishing Right	0	0	0	0	0
Sir Walter Scott	0	0	0	0	0
Selkirk Hill Management Fee	10,000	10,000	0	0	0
Property Expenditure - General	0	0	0	0	0
Total	42,500	36,000	1,457	(186)	1,271

SELKIRK COMMON GOOD FUND

APPENDIX 4

PROPERTY PORTFOLIO VALUATION FOR 2021/22
(Projected property valuation to 31 March 2022)

Fixed Assets – Land & Buildings	Net Book Value at 01/04/21	Project'd Depn Charge 2021/22	Project'd Net Book Value at 31/03/22
	£	£	£
The Green Hut	3,300	0	3,300
Town Hall Clock	0	0	0
Pant Well Monument	0	0	0
Victoria Hall Caretakers Flat	52,287	3,857	48,430
Victoria Hall	807,733	53,671	754,062
Pringle Park	0	0	0
Victoria Park Pavilion site	4,000	0	4,000
Pringle Park Play Area	0	0	0
Selkirk Golf Course	152,000	0	152,000
South Common Farm	432,073	6,463	425,610
Smedheugh Farm	1,060,500	19,750	1,040,750
Selkirk Hill Grazings	36,000	0	36,000
Linglie Farm	706,398	6,800	699,598
Victoria Park & Caravan Site	0	0	0
26 Market Place	28,582	3,160	25,422
28 Market Place	35,400	4,000	31,400
Selkirk Town Hall	130,238	12,380	117,858
South Common Plantations	9,000	0	9,000
Smedheugh Farm Shootings	1,000	0	1,000
Smedheugh Plantations	35,000	0	35,000
Linglie Plantations	22,500	0	22,500
Linglie Farm Shootings	3,250	0	3,250
Linglie Mast Site	88,000	0	88,000
South Common Farm Shooting	1,000	0	1,000
Bog Park Recreation Area	0	0	0
Shawburn Amenity Ground	40,000	0	40,000
Shawburn Toll Embankment	0	0	0
Bog Park Playground	0	0	0
Victoria Park Play Area	0	0	0
Civic Amenity Site	109,800	0	109,800
Rosebank Quarry Former Tip Site	0	0	0
Rosebank Quarry Play Area	0	0	0
Shawpark Road Development Site	32,000	0	32,000
River Ettrick Salmon Fishing Right	750	0	750
Sir Walter Scott	0	0	0
Selkirk Hill Management Fee	0	0	0
Property Expenditure Gen	0	0	0
Total	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
Aegon Fund Rebate – (2021-2022)	52	56
Total Invested to 30 June 2021	211,177	228,398

Value of Investment	£
31 March 2018	231,938
31 March 2019	269,040
31 March 2020	193,744
31 March 2021	230,380
30 June 2021	231,154
Increase/(Decrease) from Total Cash Invested	2,756

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
to 30 June 2021	+1.10	+18.71