
MONITORING REPORT FOR 12 MONTHS TO 31 MARCH 2021 AND PROPOSED BUDGET FOR FINANCIAL YEAR 2021/22

Report by the Director - Finance & Corporate Governance

DUNS COMMON GOOD FUND SUB-COMMITTEE

2 September 2021

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Duns Common Good Fund for the year 2020/21 including balance sheet values as at 31 March 2021 and proposed budget for 2021/22.**
- 1.2 Appendix 1 provides the actual income and expenditure for 2020/21. This shows a surplus of £523 for the year, which is better than the previously reported surplus on 20 April 2020, due to an improvement in the return from Aegon Asset Management Fund.
- 1.3 Appendix 2 provides an actual balance sheet value as at 31 March 2021. It shows an increase in the reserves of £3,244 partly due to the unrealised gain on the Aegon Asset Management Fund.
- 1.4 Appendix 3 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 proposed budget for 2021/22 as shown in Appendix 1;**
 - (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; and**
 - (d) Notes the current position of the investment in the Aegon Asset Management Investment Fund in Appendix 3.**

3 BACKGROUND

3.1 This report provides the Committee with financial information for the period 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 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 £523, as well as the proposed budget for 2021/22.

4.2 Income & Expenditure – Non-Property Related Income

(a) The final outturn position shows an amount of £1 relating to interest receivable on cash held by SBC. Also included are dividends from the Common Good Funds investment in Aegon Asset Management Investment Fund amounting to £711 which is ahead of the initial projection of 2.5% 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 set at 4.5% compared to the target of 5%. The position will be monitored closely with Aegon Asset Management.

(a) Included within other income for the year is a rebate from Aegon Asset Management of £13 which, along with the £4 received in March 2020, has been re-invested to purchase an additional 16 units. Rebate income received in March 2021 of £4 has been accounted for within income but the corresponding 4 units were not purchased until April 2021.

4.3 Income & Expenditure – Property Expenditure

During 2020/21 there was no property expenditure.

4.4 Appendix 2 provides the actual balance sheet value as at 31 March 2021, the movement in the year and a projected balance sheet as at 31 March 2022.

4.5 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, 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.

4.6 Balance Sheet – Cash Balance

The cash held by the fund is £2,311 at 31 March 2021 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2020	1,800
Surplus for year from Income & Expenditure Statement	523
Net Cash Movement in Debtors & Creditors	5
Rebate Investment in Aegon	(17)
Closing Balance at 31 March 2021	2,311

4.7 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.

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 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 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 **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

Director - Finance & Corporate Governance

Author(s)

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Background Papers:

Previous Minute Reference: Duns Common Good Committee 3 September 2020.

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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DUNS 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	Proposed Budget 2021/22	Para Ref	Commentary
	£	£	£	£		
Non-Property Related Income						
Interest on Cash deposited with Council	(1)	(5)	4	(5)	4.2	Estimate 4.5% return
Investment Fund – Dividends Rec'd	(711)	(394)	(317)	(768)	4.2	
Other Income	(17)	(18)	1	(18)	4.2	
Total Income	(729)	(417)	(312)	(791)		
Property Expenditure						
Property Costs – General	0	0	0	0	4.3	
Total Property Expenditure	0	0	0	0		
Grants & Other Donations	0	0	0	0		
Running Costs						
Central Support Service Charge	206	206	0	210		21/22 – 2% uplift
Net Running Costs	206	206	0	210		
Total Net (Surplus)/Deficit for year	(523)	(211)	(312)	(581)		

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
	£	£	£	£
Capital Investments				
Investment Fund Book Value	17,063	17	17,080	17,097
Unrealised Gains/(Loss)	(2,586)	2,721	135	135
Market Value	14,477	2,738	17,215	17,232
Current Assets				
Debtors	67	(5)	62	62
Cash deposited with SBC	1,800	511	2,311	2,875
	1,867	506	2,373	2,937
Current Liabilities				
Creditors	0	0	0	0
Net Assets	16,344	3,244	19,588	20,169
Funded by:				
Reserves				
Revenue Reserve	(18,930)	(523)	(19,453)	(20,034)
Capital Reserve	2,586	(2,721)	(135)	(135)
Revaluation Reserve	0	0	0	0
Total Reserves	(16,344)	(3,244)	(19,588)	(20,169)

INVESTMENTS EXTERNALLY MANAGED

Cost of Investment	Units	£
Aegon Asset Management Investment (February 2018)	15,731	17,031
Aegon Fund Rebate – 2018-19	16	18
Aegon Fund Rebate – 2019-20	13	14
Aegon Fund Rebate – 2020-21	16	17
Total Invested to 31 March 2021	15,776	17,080

Value of Investment	£
February 2018	17,031
March 2018	16,977
March 2019	17,167
March 2020	14,477
March 2021	17,215
Increase/(Decrease) from Total Cash Invested	135

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 31 March 2021	+0.78	+16.84