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## **MONITORING REPORT FOR 9 MONTHS TO 31 DECEMBER 2021 AND PROPOSED BUDGET FOR FINANCIAL YEAR 2022/23**

**Report by Director, Finance & Corporate Governance**

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### **SELKIRK COMMON GOOD FUND SUB-COMMITTEE**

**9 February 2022**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 This report provides the details of the income and expenditure for the Selkirk Common Good Fund for nine months to 31 December 2021, a full year projected out-turn for 2021/22, projected balance sheet values as at 31 March 2022 and proposed budget for 2022/23.**
- 1.2 Appendix 1 provides the projected income and expenditure position for 2021/22. This shows a projected deficit of £22,067 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 £124,564.
- 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 31 December 2021.
- 1.5 Appendix 3b provides a breakdown of the property portfolio showing projected property expenditure for 2021/22 and actual property expenditure to 31 December 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 31 December 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;**
  - (b) Agrees the proposed budget for 2022/23 as shown in Appendix 1;**
  - (c) Notes the 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 December 2021, projections to 31 March 2022 and proposed budgets for 2022/23. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2022 and 31 March 2023.

### **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 deficit of £22,067. Also included is the proposed budget for 2022/23.

#### **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 estimated at 4.5% return in the current year as a result of the market value dropping due to the impact of the COVID-19, with the proposed budget for 2022/23 returning to the 5% target and the monthly distribution profile projections provided by Aegon. The position will be monitored closely with Aegon Asset Management.
- (b) Included within other income is a rebate from Aegon Asset Management of £124 which, along with the £56 received in March 2021, has been re-invested to purchase an additional 165 units.

#### **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 total proposed budget for 2022/23 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 2022/23. These will be revised as further information is received.

#### 4.5 Income & Expenditure – Grants & Other Donations

The grants and other donations approved and distributed to 31 March 2022, are shown below:

<b>Grant Recipients</b>	<b>Approved</b>	<b>£</b>
<b>Approved and Paid to 31 December 2021</b>		
Selkirk Regeneration Company	31/08/21	7,500
<b>Total Paid to 31 March 2022</b>		<b>7,500</b>
<b>Approved but not paid</b>		
Selkirk Musical Theatre Group (see Note(a) below)	02/07/20	1,500
<b>Total Grants Approved</b>		<b>9,000</b>
<b>Approved Budget 2021/22</b>		<b>21,800</b>
<b>(Unallocated)/Overallocated Budget</b>		<b>(12,800)</b>

(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.

The budget for 2022/23 is proposed at £20,650, which is the average of the previous 3 years grant expenditure.

#### 4.6 Income & Expenditure – Central Support Service Charge

The proposed charge for 2022/23 is currently estimated using a 2% uplift on the 2021/22 charge. This is subject to revision once a full Service Charge Review has been completed and approved by Council.

#### 4.7 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.

4.8 Appendix 2 provides the balance sheet value to 31 March 2021, the projected movement in year and a projected balance as at 31 March 2022; along with projected balance to 31 March 2023.

#### 4.9 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 actual values of the individual properties at 1 April 2021, projected depreciation charges for 2021/22 and projected values at 31 March 2022; along with projected value at 31 March 2023.

#### 4.10 Balance Sheet – Investment Fund

The fund has a 3.93% 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 25.02% since investment in February 2018.

#### 4.11 Balance Sheet – Cash Balance

The cash held by the fund is projected to be £13,725 at 31 March 2022 and is detailed below:

<b>Cash Balance</b>	<b>£</b>
<b>Opening Balance at 1 April 2021</b>	<b>66,038</b>
Projected deficit for year from Income & Expenditure statement	(22,067)
Net Cash Movement in Debtors/Creditors	0
Investment in Aegon Asset Management	(30,000)
Rebate Investment in Aegon	(246)
<b>Projected Closing Balance at 31 March 2022</b>	<b>13,725</b>

#### 4.12 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, with an estimate for the current years' movement based on the market position at 31 December 2021.

### 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, Director (People Performance & Change), the Clerk to the Council and Communications have been consulted and their appropriate comments have been incorporated into this report.

### Approved by

**David Robertson**  
**Director, Finance & Corporate Governance**

**Signature .....**

### Author(s)

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### Background Papers:

**Previous Minute Reference:** Selkirk Common Good Committee 8 December 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.

Contact us at Pension & Investments, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA. Tel: 01835 824000 Fax: 01835 825166  
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**SELKIRK COMMON GOOD FUND  
PROJECTED INCOME AND EXPENDITURE 2021/22 AND 2022/23**

**APPENDIX 1**

	Actuals at 31/12/21	Full Year Approved Budget 2021/22	Full Year Projected Out-turn 2021/22	Full Year Projected Over/ (Under) Spend 2021/22	Full Year Proposed Budget 2022/23	Para Ref	Comments
	£	£	£	£	£		
<b>Property Income</b>							
Rental Income	(85,123)	(63,731)	(63,731)	0	(63,731)	4.2	
<b>Non-Property Related Income</b>							
Interest on Cash deposited with Council		(50)	(50)	0	(50)	4.3	
Investment Funds – Dividends Rec'd	(7,051)	(9,491)	(9,491)	0	(11,921)	4.3	Est. 4.5% / 5% return
Realised Gain on Disinvestment	0	0	0	0	0	4.3	
Other Income	(124)	(260)	(260)	0	(260)	4.3	
<b>Total Income</b>	<b>(92,298)</b>	<b>(73,532)</b>	<b>(73,532)</b>	<b>0</b>	<b>(75,962)</b>		
<b>Property Expenditure</b>							
Property Costs – General	12,319	62,600	62,600	0	10,000	4.4	
<b>Total Property Expenditure</b>	<b>12,319</b>	<b>62,600</b>	<b>62,600</b>	<b>0</b>	<b>10,000</b>		
<b>Grants &amp; Other Donations</b>	<b>7,500</b>	<b>21,800</b>	<b>21,800</b>	<b>0</b>	<b>20,650</b>	4.5	3 yr average
<b>Central Support Service Charge</b>	<b>11,199</b>	<b>11,199</b>	<b>11,199</b>	<b>0</b>	<b>11,422</b>	4.6	Subject to review
<b>Depreciation</b>							
Depreciation Charge	0	110,081	110,081	0	110,081	4.7	
Contribution from Revaluation Reserve	0	(110,081)	(110,081)	0	(110,081)	4.7	
<b>Net impact of Depreciation on Revenue Reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Total Net (Surplus)/Deficit for year</b>	<b>(61,280)</b>	<b>22,067</b>	<b>22,067</b>	<b>0</b>	<b>(33,890)</b>		

## PROJECTED BALANCE SHEET VALUE AT 31 MARCH 2022 AND MARCH 2023

	Opening Balance at 01/04/21  £	Projected Movement in Year  £	Projected Closing Balance at 31/03/22  £	Projected Closing Balance at 31/03/23  £
<b>Fixed Assets</b>				
Land & Buildings	3,790,811	(110,081)	3,680,730	3,570,649
Moveable Assets	1,500	0	1,500	1,500
<b>Total Fixed Assets</b>	<b>3,792,311</b>	<b>(110,081)</b>	<b>3,682,230</b>	<b>3,572,149</b>
<b>Capital in Investment Funds</b>				
Investment Fund Book Value	228,342	30,246	258,588	258,834
Unrealised Gains/(Loss)	2,038	7,650	9,688	9,688
<b>Market Value</b>	<b>230,380</b>	<b>37,896</b>	<b>268,276</b>	<b>268,522</b>
<b>Current Assets</b>				
Debtors	7,405	0	7,405	7,405
Cash deposited with SBC	66,038	(52,313)	13,725	47,369
<b>Total Current Assets</b>	<b>73,443</b>	<b>(52,313)</b>	<b>21,130</b>	<b>54,774</b>
<b>Current Liabilities</b>				
Creditors	(2,550)	0	(2,550)	(2,550)
Receipts in Advance	(2,585)	0	(2,585)	(2,585)
<b>Total Current Liabilities</b>	<b>(5,135)</b>	<b>0</b>	<b>(5,135)</b>	<b>(5,135)</b>
<b>Net Assets</b>	<b>4,090,999</b>	<b>(124,498)</b>	<b>3,966,501</b>	<b>3,890,310</b>
<b>Funded by:</b>				
<b>Reserves</b>				
Revenue Reserve	(122,042)	22,067	(99,975)	(133,865)
Capital Reserve	(197,038)	(7,650)	(204,688)	(204,688)
Revaluation Reserve	(3,771,919)	110,081	(3,661,838)	(3,551,757)
<b>Total Reserves</b>	<b>(4,090,999)</b>	<b>124,498</b>	<b>(3,966,501)</b>	<b>(3,890,310)</b>



## SELKIRK COMMON GOOD FUND

## APPENDIX 3a

**PROPERTY PORTFOLIO PERFORMANCE FOR 2021/22**  
**(Actual income to 31 December 2021 and projected 2022/23)**

Rental Income – Land & Buildings	2021/22				2022/23	
	Approv'd Budget 2021/22	Project'd Out-turn 2021/22	Actual As at 31/12/21	Project'd Net (Return) /Loss	Propos'd Budget	Propos'd Net Return
	£	£	£	£	£	£
The Green Hut	(2,350)	(2,350)	0	(2,350)	(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	0	0	0	0
Pringle Park	0	0	0	0	0	0
Victoria Park Pavilion site	(200)	(200)	(233)	(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	(9,500)	(9,500)	(10,925)	(8,250)	(9,500)	(9,500)
Smedheugh Farm	(23,500)	(23,500)	(38,971)	2,825	(23,500)	(23,500)
Selkirk Hill Grazings	(410)	(410)	(410)	9,590	(410)	9,590
Linglie Farm	(7,300)	(7,300)	(18,767)	17,725	(7,300)	(7,300)
Victoria Park & Caravan Site	0	0	0	0	0	0
26 Market Place	(4,160)	(4,160)	(4,853)	(4,160)	(4,160)	(4,160)
28 Market Place	(5,600)	(5,600)	(6,254)	(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)	(250)	(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)	(4,210)	(10,311)	(10,311)	(10,311)
South Common Farm Shootings	(200)	(200)	(250)	(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 Statue	0	0	0	0	0	0
<b>Total</b>	<b>(63,731)</b>	<b>(63,731)</b>	<b>(85,123)</b>	<b>(1,131)</b>	<b>(63,731)</b>	<b>(53,731)</b>

**SELKIRK COMMON GOOD FUND**  
**PROPERTY PORTFOLIO PERFORMANCE FOR 2021/22**  
**(Actual expenditure to 31 December 2021 and projected 2022/23)**

**APPENDIX 3b**

Property Expenditure – Land & Buildings	2021/22					2022/23
	Approv'd Budget	Project'd Budget	Actual (Repair & Maint)	Actual (Other)	Actual Total	Propos'd Budget
	£	£	£	£	£	£
The Green Hut	0	0	0	0	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	0	0	0	0	0	0
Pringle Park	0	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	1,250	1,250	799	0	799	0
Smedheugh Farm	26,325	26,325	1,124	0	1,124	0
Selkirk Hill Grazings	10,000	10,000	10,000	0	10,000	10,000
Linglie Farm	25,025	25,025	488	0	488	0
Victoria Park & Caravan Site	0	0	94	0	94	0
26 Market Place	0	0	0	(75)	(75)	0
28 Market Place	0	0	0	(111)	(111)	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 Statue	0	0	0	0	0	0
<b>Total</b>	<b>62,600</b>	<b>62,600</b>	<b>12,505</b>	<b>(186)</b>	<b>12,319</b>	<b>10,000</b>

## SELKIRK COMMON GOOD FUND

## APPENDIX 4

## PROPERTY PORTFOLIO VALUATION FOR 2021/22

(Projected property valuation to 31 March 2022 and 31 March 2023)

<b>Fixed Assets – Land &amp; Buildings</b>	<b>Net Book Value at 01/04/21  £</b>	<b>Project'd Depn Charge 2021/22  £</b>	<b>Project'd Net Book Value at 31/03/22  £</b>	<b>Project'd Depn Charge 2022/23  £</b>	<b>Project'd Net Book Value at 31/03/23  £</b>
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	52,287	3,857	48,430	3,857	44,573
Victoria Hall	807,733	53,671	754,062	53,671	700,391
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	432,073	6,463	425,610	6,463	419,147
Smedheugh Farm	1,060,500	19,750	1,040,750	19,750	1,021,000
Selkirk Hill Grazings	36,000	0	36,000	0	36,000
Linglie Farm	706,398	6,800	699,598	6,800	692,798
Victoria Park & Caravan Site	0	0	0	0	0
26 Market Place	28,582	3,160	25,422	3,160	22,262
28 Market Place	35,400	4,000	31,400	4,000	27,400
Selkirk Town Hall	130,238	12,380	117,858	12,380	105,478
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 Statue	0	0	0	0	0
<b>Total</b>	<b>3,790,811</b>	<b>110,081</b>	<b>3,680,730</b>	<b>110,081</b>	<b>3,570,649</b>

<b>Fixed Assets – Moveable Assets</b>	<b>Net Book Value at 31/03/22</b>	<b>Projected Net Book Value at 31/03/23</b>
	<b>£</b>	<b>£</b>
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
<b>Total</b>	<b>1,500</b>	<b>1,500</b>

**INVESTMENTS EXTERNALLY MANAGED**

<b>Cost of Investment</b>	<b>Units</b>	<b>£</b>
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 Asset Management Investment (September 2021)	27,076	30,000
Aegon Fund Rebate – (2021-2022)	165	180
<b>Total Invested to 31 December 2021</b>	<b>238,366</b>	<b>258,522</b>

<b>Value of Investment</b>	<b>£</b>
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
30 September 2021	258,943
31 December 2021	268,210
<b>Increase/(Decrease) from Total Cash Invested</b>	<b>9,688</b>

<b>Return on Investment from inception</b>	<b>Capital Return %</b>	<b>Total Return %</b>
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
to 30 September 2021	+0.36	+19.52
to 31 December 2021	+3.93	+25.02