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## **MONITORING REPORT FOR 12 MONTHS TO 31 MARCH 2022**

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

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

**13 June 2022**

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#### **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 2021/22 including balance sheet values as at 31 March 2022, a full year projected out-turn for 2022/23, and projected balance sheet values as at 31 March 2023.**
- 1.2 Appendix 1 provides the actual income and expenditure for 2021/22. This shows a surplus of £23,438 for the year, which is better than the previously reported surplus on 28 February 2022, as a result of an increase in the return from the Aegon Investment Fund and an underspend in the Grants and Donations budget.
- 1.3 Appendix 2 provides an actual balance sheet value as at 31 March 2022. It shows an increase in reserves of £10,737, which is the result of the year end surplus partly reduced by the annual release from Revaluation Reserve.
- 1.4 Appendix 3a provides a breakdown of the property portfolio showing actual rental income and net return for 2021/22.
- 1.5 Appendix 3b provides a breakdown of the property portfolio showing actual property expenditure for 2021/22.
- 1.6 Appendix 4 provides a breakdown of the property portfolio showing actual property valuations at 31 March 2022.
- 1.7 Appendix 5 shows the value of the Aegon Asset Management Investment Fund to 31 March 2022.

#### **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Common Good Fund Sub-Committee:**
  - (a) Notes the actual income and expenditure for 2021/22 in Appendix 1;**
  - (b) Agrees the projected income and expenditure for 2022/23 in Appendix 1 as the revised budget for 2022/23;**
  - (c) Notes the final balance sheet value as at 31 March 2022, and projected balance sheet value as at 31 March 2023 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 2022 and projections to 31 March 2023. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2023.

### **4 FINANCIAL POSITION 2021/22**

- 4.1 Appendix 1 provides details on income and expenditure for the 2021/22 financial year, which resulted in a surplus of £23,438, as well as projections for 2022/23.

#### **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 £36 relating to interest receivable on cash held by SBC, a drop from projections due to the prolonged lower level of interest rates. Also included are dividends from the Common Good Funds investment in Aegon Asset Management amounting to £47,822 which is slightly ahead of the revised projection of 4.5% return, with the projection 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 £721 which, along with the £235 received in March 2021, has been re-invested to purchase an additional 870 units. Rebate income received in March 2022 of £237 has been accounted for within income but the corresponding 219 units were not purchased until April 2022.

#### **4.4 Income & Expenditure – Property Expenditure**

- (a) The property expenditure for 2021/22 is shown in Appendices 1 & 3b, with Appendix 3b detailing the actual 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 2022/23 is shown in Appendix 1.
- (c) Appendices 3a and 3b show a full breakdown of the projected 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 March 2022</b>		
Jedburgh Rotary Club	16/08/21	1,500
Jed Heart's Here	13/09/21	5,160
Jedburgh Legion FC	13/09/21	15,000
<b>Total Paid 31 March 2022</b>		<b>21,660</b>
<b>Approved 2021/22 Budget</b>		<b>30,000</b>
<b><i>(Unallocated)/Overallocated Budget</i></b>		<b><i>(8,340)</i></b>
<b>2022/23 Future Commitments</b>		
Scottish Borders Council	28/02/22	50,000
Jed Thistle RFC (with further £15k if required) – see note (a) below	21/03/22	15,000

- (a) Jed Thistle RFC were also approved for a loan of £15,000 and a further grant of up to £15,000 dependant on the outcome of their external funding applications.
- (b) It is proposed to increase the budget for Grants & Donations for 2022/23 from £20,200 to £85,000 to cover the grants approved but not paid out prior to 31 March 2022. This increase will cause the Common Good Fund to project a deficit for 2022/23. As previously advised to Committee at the meeting on 17 November 2021, if the expenditure on grants exceeds annual income then a drawdown from the Aegon Investment Fund may be required which would reduce any future annual income to the Common Good Fund.

#### 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 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.

- 4.8 Appendix 2 provides the actual balance sheet value as at 31 March 2022, and a projected balance sheet as at 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 31 March 2022, actual depreciation charges for 2021/22 and projected values at 31 March 2023.

The list of both Land & Buildings and Moveable Assets in Appendix 4 have been updated to reflect the current position regarding the consultation on Common Good Assets being led by Legal dept, this has not affected the value of the assets held in the balance sheet.

A report will be submitted to Council in September setting out the results of the consultation on Common Good assets.

#### 4.10 **Balance Sheet – Investment Fund**

The fund has a 0.68% 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 22.56% since investment in February 2018.

#### 4.11 **Balance Sheet – Long Term Debtors**

Long Term Debtors is reduced by £9,000 as detailed in Paragraph 4.12 leaving a year-end balance of £5,000.

#### 4.12 **Balance Sheet – Cash Balance**

The cash held by the fund is £100,240 at 31 March 2022 and is detailed below:

<b>Cash Balance</b>	<b>£</b>
<b>Opening Balance at 1 April 2021</b>	<b>69,856</b>
<b><i>Repayment of Principal (Long Term Debtors)</i></b>	
Jedburgh Bowling Club Loan – Actual payment	9,000
Surplus for year from Income & Expenditure Statement	23,438
Net cash Movement in Debtors/Creditors	(1,098)
Rebate Investment in Aegon	(956)
<b>Projected Closing Balance as at 31 March 2022</b>	<b>100,240</b>

#### 4.13 **Balance Sheet – Capital Reserve**

The movement in the Capital Reserves include the unrealised gain for the Aegon Asset Management Fund as at 31 March 2022, but due to the nature of the markets no estimate has been made for the future years' movement.

#### 4.14 **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 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:** Jedburgh Common Good Committee 8 December 2021, 28 February 2022 and 21 March 2022.

**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 Pensions & Investments, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA. Tel: 01835 824000 Fax: 01835 825166  
Email: [t&cteam@scotborders.gov.uk](mailto:t&cteam@scotborders.gov.uk)

**JEDBURGH COMMON GOOD FUND  
ACTUAL INCOME AND EXPENDITURE 2021/22**

**APPENDIX 1**

	Actuals at 31/03/22	Full Year Approved Budget 2021/22	Over/ (Under) Spend 2021/22	Full Year Approved Budget 2022/23	Full Year Projected Out-turn 2022/23	Full Year Projected Over/ (Under) Spend 2022/23	Para Ref
	£	£	£	£	£	£	
<b>Property Income</b>							
Rental Income	0	0	0	0	0		4.2
<b>Non-Property Related Income</b>							
Interest on Loan-Jedburgh Bowling Club	(330)	(332)	2	(118)	(118)		4.3
Interest on Cash deposited with Council	(36)	(340)	304	(340)	(340)		4.3
Investment Funds – Dividends Rec'd	(47,822)	(37,610)	(10,212)	(43,705)	(43,705)		4.3
Other Income	(958)	(950)	(8)	(950)	(950)		4.3
<b>Total Income</b>	<b>(49,146)</b>	<b>(39,232)</b>	<b>(9,914)</b>	<b>(45,113)</b>	<b>(45,113)</b>		
<b>Property Expenditure</b>							
Property Costs – General	0	0	0	0	0		4.4
<b>Total Property Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Grants &amp; Other Donations</b>	<b>21,660</b>	<b>30,000</b>	<b>(8,340)</b>	<b>20,200</b>	<b>85,000</b>	<b>64,800</b>	4.5
<b>Central Support Service Charge</b>	<b>4,048</b>	<b>4,048</b>	<b>0</b>	<b>4,129</b>	<b>4,129</b>		4.6
<b>Depreciation</b>							
Depreciation Charge	11,733	11,733	0	11,733	11,733		4.7
Contribution from Revaluation Reserve	(11,733)	(11,733)	0	(11,733)	(11,733)		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>(23,438)</b>	<b>(5,184)</b>	<b>(18,254)</b>	<b>(20,784)</b>	<b>44,016</b>	<b>64,800</b>	



## BALANCE SHEET VALUE AS AT 31 MARCH 2022

	Opening Balance at 01/04/21	Movement in Year	Closing Balance at 31/03/22	Projected Closing Balance at 31/03/23
	£	£	£	£
<b>Fixed Assets</b>				
Land & Buildings	528,534	(11,733)	516,801	505,068
Feu Duties	0	0	0	0
<b>Total Fixed Assets</b>	<b>528,534</b>	<b>(11,733)</b>	<b>516,801</b>	<b>505,068</b>
<b>Capital in Investment Funds</b>				
Investment Fund Book Value	944,406	956	945,362	946,318
Unrealised Gains/(Loss)	8,473	(968)	7,505	7,505
<b>Market Value</b>	<b>952,879</b>	<b>(12)</b>	<b>952,867</b>	<b>953,823</b>
<b>Long Term Debtors</b>				
Loan to Jedburgh Bowling Club	14,000	(9,000)	5,000	5,000
	<b>14,000</b>	<b>(9,000)</b>	<b>5,000</b>	<b>5,000</b>
<b>Current Assets</b>				
Debtors	3,424	1,098	4,522	4,522
Cash deposited with SBC	69,856	30,384	100,240	55,268
<b>Total Current Assets</b>	<b>73,280</b>	<b>31,482</b>	<b>104,762</b>	<b>59,790</b>
<b>Current Liabilities</b>				
Creditors	0	0	0	0
Receipts in Advance	0	0	0	0
<b>Total Current Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Assets</b>	<b>1,568,693</b>	<b>10,737</b>	<b>1,579,430</b>	<b>1,523,681</b>
<b>Funded by:</b>				
<b>Reserves</b>				
Revenue Reserve	(116,512)	(23,438)	(139,950)	(95,934)
Capital Reserve	(926,320)	968	(925,352)	(925,352)
Revaluation Reserve	(525,861)	11,733	(514,128)	(502,395)
<b>Total Reserves</b>	<b>(1,568,693)</b>	<b>(10,737)</b>	<b>(1,579,430)</b>	<b>(1,523,681)</b>

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

Rental Income – Land & Buildings	2021/22			2022/23		
	Approv'd Budget	Actuals	Actual Net (Return) /Loss £	Approv'd Budget	Project'd Out-turn	Project'd Net (Return) /Loss £
	£	£	£	£	£	£
Market Cross/Jubilee Fountain	0	0	0	0	0	0
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
Murrays Green Car Park	0	0	0	0	0	0
Dounehill (Dunshill) Playpark	0	0	0	0	0	0
Land at Oxnam Road	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

Property Expenditure – Land & Buildings	2021/22				2022/23	
	Approv'd Budget	Actual (Repair & Maint) £	Actual (Other) £	Actual Total £	Approv'd Budget £	Project'd Out-turn
	£	£	£	£	£	
Market Cross/Jubilee Fountain	0	0	0	0	0	0
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
Murrays Green Car Park	0	0	0	0	0	0
Dounehill (Dunshill) Playpark	0	0	0	0	0	0
Land at Oxnam Road	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## PROPERTY PORTFOLIO VALUATION FOR 2021/22

(Actual property valuation to 31 March 2022 and projected to 31 March 2023)

<b>Fixed Assets – Land &amp; Buildings</b>	<b>Net Book Value at 01/04/21</b>	Adjustment (see Para 4.9 above)	Depn Charge 2021/22	<b>Net Book Value at 31/03/22</b>	Project'd Depn Charge 2022/23	<b>Project'd Net Book Value at 31/03/23</b>
	£	£	£	£	£	£
Market Cross/Jubilee Fountain	0		0	0	0	0
Jedburgh Castle Jail	0		0	0	0	0
Mary Queen of Scots House	528,534		(11,733)	516,801	(11,733)	505,068
Murray's Green Park	0		0	0	0	0
Dounehill (Dunshill)	0		0	0	0	0
Ramparts	0		0	0	0	0
Murrays Green Car Park	0		0	0	0	0
Dounehill (Dunshill) Playpark	0		0	0	0	0
Land at Oxnam Road	0		0	0	0	0
<b>Total</b>	<b>528,534</b>	<b>0</b>	<b>(11,733)</b>	<b>516,801</b>	<b>(11,733)</b>	<b>505,068</b>

**Fixed Assets –  
Moveable Assets**

Portrait Sir D Brewster
Marble Bust Sir D Brewster
Gold Chains
Relics – Queen Mary House
Lady Provost Brooch
George Tinline Plates (2)
Provost's Gold Chain & Robes
Small Bust Sir John Tinline
Framed copy of Burgh Charter
Casket containing Burgess Ticket
Tapestry
<b>Total</b>

**INVESTMENTS EXTERNALLY MANAGED**

<b>Cost of Investment</b>	<b>Units</b>	<b>£</b>
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
Aegon Fund Rebate - (2021-2022)	870	956
<b>Total Invested to 31 March 2022</b>	<b>874,109</b>	<b>945,362</b>

<b>Value of Investment</b>	<b>£</b>
31 March 2018	900,074
31 March 2019	910,178
31 March 2020	767,550
31 March 2021	952,879
30 June 2021	956,082
30 September 2021	949,333
31 December 2021	983,305
31 March 2022	952,867
<b>Increase/(Decrease) from Total Cash Invested</b>	<b>7,505</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
to 31 March 2022	+0.68	+22.56