
MONITORING REPORT FOR 12 MONTHS TO 31 MARCH 2022

Report by Director, Finance & Corporate Governance

GALASHIELS COMMON GOOD FUND SUB-COMMITTEE

30 June 2022

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Galashiels 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 £4,671 for the year, which is better than the previously reported surplus on 30 March 2022, mainly as a result of an increase in the return from the Aegon Investment Fund.
- 1.3 Appendix 2 provides an actual balance sheet value as at 31 March 2022. It shows a decrease in reserves of £49,801, which is mainly due to 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.
- 1.6 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) Notes the projected income and expenditure for 2022/23 in Appendix 1;**
 - (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 £4,671 as well as projections for 2022/23.

4.2 Income & Expenditure – Property Income

There is no rental income from the properties owned by the Galashiels Common Good Fund.

4.3 Income & Expenditure – Non-Property Related Income

- (a) The final outturn position shows an amount of £6 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 £8,076 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 £122 which, along with the £39 received in March 2021, has been re-invested to purchase an additional 147 units. Rebate income received in March 2022 of £40 has been accounted for within income but the corresponding 37 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 projections for property rental and repairs for 2022/23. These will be revised as further information is received from Estates.
- (d) Ladhope woodland planting maintenance is to be funded by the Penmanshiel Grant – financial details for 2022/23 will be included once Tweed Forum have supported a re-forecast of the budget.

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 31 March 2022		0
Total Paid to 31 March 2022		0
Budget 2021/22		500
<i>Unallocated/(Overallocated) Budget</i>		<i>500</i>

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 £54,309. 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 Land & Buildings and Moveable Assets in Appendix 4 have both been updated to reflect the current position regarding the consultation exercise on Common Good Assets being led by Legal dept. This has resulted in the removal of the Old Town Cemetery and the small piece of land at Netherdale from the Common Good register, however 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 – Cash Balance

The cash held by the fund is £16,395 at 31 March 2022 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2021	12,070
Surplus for year from Income & Expenditure Statement	4,671
Net cash movement in Debtors/Creditors	(185)
Rebate Investment in Aegon Asset Management	(161)
Projected Closing Balance as at 31 March 2022	16,395

4.12 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.

5 IMPLICATIONS

5.1 Financial

There are no further 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 good governance required to ensure robust 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: Galashiels Common Good Committee 15 December 2021 and 30 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 Corporate Finance, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA. Tel: 01835 824000 Fax: 01835 825166 Email: t&cteam@scotborders.gov.uk

GALASHIELS COMMON GOOD FUND
APPENDIX 1
ACTUAL INCOME AND EXPENDITURE 2021/22

	Actuals at 31/03/22	Full Year Approved Budget 2021/22	Over/ (Under) Spend 2021/22	Full Year Approved Budget 2022/23	Para Ref	Commentary
	£	£	£	£		
Property Income						
Rental Income	0	0	0	0	4.2	
Non-Property Related Income						
Interest on Cash deposited with Council	(6)	(30)	24	(30)	4.3	Est 5% return
Investment Funds – Dividends Rec'd	(8,076)	(6,631)	(1,445)	(7,380)	4.3	
Other Income	(162)	(175)	13	(160)	4.3	
Total Income	(8,244)	(6,836)	(1,408)	(7,570)		
Property Expenditure						
Property Costs – General	1,420	750	670	0	4.4	
Total Property Expenditure	1,420	750	670	0		
Grants & Other Donations	0	500	(500)	500	4.5	2 Year average
Central Support Service Charge	2,153	2,153	0	2,196	4.6	Subject to review
Depreciation						
Depreciation Charge	54,309	54,309	0	54,309	4.7	
Contribution from Revaluation Reserve	(54,309)	(54,309)	0	(54,309)	4.7	
Net impact of Depreciation on Revenue Reserve	0	0	0	0		
Total Net (Surplus)/Deficit for year	(4,671)	(3,433)	(1,238)	(4,874)		

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
	£	£	£	£
Fixed Assets				
Land & Buildings	627,984	(54,309)	573,675	519,366
Heritable Assets	0	0	0	0
Total Fixed Assets	627,984	(54,309)	573,675	519,366
Capital in Investment Fund				
Investment Fund Book Value	159,642	161	159,803	159,964
Unrealised Gains/(Loss)	1,270	(163)	1,107	1,107
Market Value	160,912	(2)	160,910	161,071
Current Assets				
Debtors	578	185	763	763
Cash deposited with SBC	12,070	4,325	16,395	21,108
Total Current Assets	12,648	4,510	17,158	21,871
Current Liabilities				
Creditors	0	0	0	0
Total Current Liabilities	0	0	0	0
Net Assets	801,544	(49,801)	751,743	702,308
Funded by:				
Reserves				
Revenue Reserve	(22,561)	(4,671)	(27,232)	(32,106)
Capital Reserve	(304,325)	163	(304,162)	(304,162)
Revaluation Reserve	(474,658)	54,309	(420,349)	(366,040)
Total Reserves	(801,544)	49,801	(751,743)	(702,308)

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

Property Income – Land & Buildings	2021/22			2022/23	
	Approv'd Budget	Actuals	Actual Net (Return) /Loss	Approv'd Budget	Project'd Net (Return) /Loss
	£	£	£	£	£
Ladhope Drive Car Park	0	0	0	0	0
Old Gala House	0	0	620	0	0
Old Gala House–Community Centre	0	0	0	0	0
Old Gala House–Caretakers Flat	0	0	0	0	0
Ladhope Golf Course	0	0	0	0	0
Ladhope Woodland	0	0	800	0	0
Ladhope Glen Park	0	0	0	0	0
Ladhope Recreation Ground	0	0	0	0	0
Leabrae Park	0	0	0	0	0
Bank Street Gardens	0	0	0	0	0
Sir Walter Scott Statue	0	0	0	0	0
Mercat Cross	0	0	0	0	0
Amenity Ground at Haliburton Pl	0	0	0	0	0
Property Expenditure (General)	0	0	0	0	0
Total	0	0	1,420	0	0

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 £
Ladhope Drive Car Park	0	0	0	0	0
Old Gala House	0	620	0	620	0
Old Gala House–Community Centre	0	0	0	0	0
Old Gala House–Caretakers Flat	0	0	0	0	0
Ladhope Golf Course	0	0	0	0	0
Ladhope Woodland	0	0	800	800	0
Ladhope Glen Park	0	0	0	0	0
Ladhope Recreation Ground	0	0	0	0	0
Leabrae Park	0	0	0	0	0
Bank Street Gardens	0	0	0	0	0
Sir Walter Scott Statue	0	0	0	0	0
Mercat Cross	0	0	0	0	0
Amenity Ground at Haliburton Pl	0	0	0	0	0
Property Expenditure (General)	750	0		0	0
Total	750	620	800	1,420	0

GALASHIELS COMMON GOOD FUND
APPENDIX 4
PROPERTY PORTFOLIO VALUATION FOR 2021/22
(Actual property valuation to 31 March 2022 and projected to 31 March 2023)

Fixed Assets – Land & Buildings	Net Book Value at 01/04/21 £	Depn Charge 2021/22 £	Net Book Value at 31/03/22 £	Project'd Depn Charge 2022/23 £	Project'd Net Book Value at 31/03/23 £
Ladhope Drive Car Park	0	0	0	0	0
Old Gala House	279,456	(21,773)	257,683	(21,773)	235,910
Old Gala House-Community Centre	239,073	(25,263)	213,810	(25,263)	188,547
Old Gala House-Caretakers Flat	70,455	(7,273)	63,182	(7,273)	55,909
Ladhope Golf Course	23,000	0	23,000	0	23,000
Ladhope Woodland	16,000	0	16,000	0	16,000
Ladhope Glen Park	0	0	0	0	0
Ladhope Recreation Ground	0	0	0	0	0
Leabrae Park	0	0	0	0	0
Bank Street Gardens	0	0	0	0	0
Sir Walter Scott Statue	0	0	0	0	0
Mercat Cross	0	0	0	0	0
Amenity Ground at Haliburton Pl	0	0	0	0	0
Total	627,984	(54,309)	573,675	(54,309)	519,366

Fixed Assets – Moveable Assets
Minute Books
Provosts Chain & Badge
Provosts Robes & Hats (2 of each)
Baillies Robes & Hats
Stamp with Burgh Seal
Silver Trophy
Gold Watch
Gold Key & Medal
Scott Manuscript
Collection of Coins (12)
Bottle (storage for coins)
Braw Lads Medal (2)
Commemorative Medals (2)
Total

INVESTMENTS EXTERNALLY MANAGED

Cost of Investment	Units	£
Aegon Asset Management Investment (February 2018)	136,558	147,851
Transfer of Investment – Ex Provost Mercer (April 18)	1,239	1,342
Aegon Asset Management Investment (September 2018)	9,244	10,000
Aegon Fund Rebate – (2018-2019)	150	162
Aegon Fund Rebate – (2019-2020)	123	136
Aegon Fund Rebate – (2020-2021)	149	151
Aegon Fund Rebate – (2021-2022)	147	161
Total Invested To 31 March 2022	147,610	159,803

Value of Investment	£
31 March 2018	147,374
31 March 2019	160,469
31 March 2020	135,323
31 March 2021	160,912
30 June 2021	161,453
30 September 2021	160,313
31 December 2021	166,050
31 March 2022	160,910
Increase/(Decrease) from Total Cash Invested	1,107

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
to 30 September 2021	+0.36	+19.52
to 31 December 2021	+3.93	+25.02
to 31 March 2022	+0.68	+22.56