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## **MONITORING REPORT FOR 9 MONTHS TO 31 DECEMBER 2022 AND PROPOSED BUDGET FOR FINANCIAL YEAR 2023/24**

**Report by Acting Chief Financial Officer**

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

**30 January 2023**

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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 nine months to 31 December 2022, a full year projected out-turn for 2022/23, projected balance sheet values as at 31 March 2023 and proposed budget for 2023/24.**
- 1.2 Appendix 1 provides the projected income and expenditure position for 2022/23. This shows a projected deficit of £44,165 for the year, which is slightly higher than the previously reported deficit on 14 November 2022, as a result of an increase to the Central Support Charge.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2023. It shows a projected decrease in reserves of £55,898.
- 1.4 Appendix 3a provides a breakdown of the property portfolio showing projected rental income and projected net return for 2022/23 and actual property income to 31 December 2022.
- 1.5 Appendix 3b provides a breakdown of the property portfolio showing projected property expenditure for 2022/23 and actual property expenditure to 31 December 2022.
- 1.6 Appendix 4 provides a breakdown of the property portfolio showing projected property valuations at 31 March 2023.
- 1.7 Appendix 5 shows the value of the Aegon Asset Management Investment Fund to 31 December 2022.

#### **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Common Good Fund Sub-Committee:**
  - (a) Agrees the projected income and expenditure for 2022/23 in Appendix 1 as the revised budget for 2022/23;**
  - (b) Agrees the proposed budget for 2023/24 as shown in Appendix 1;**
  - (c) Notes the 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 December 2022, projections to 31 March 2023 and proposed budgets for 2023/24. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2023 and 31 March 2024.

### **4 FINANCIAL POSITION 2022/23**

4.1 Appendix 1 provides details on income and expenditure for the 2022/23 financial year. The projected net position for the year is a deficit of £44,165. Also included is the proposed budget for 2023/24.

#### **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 projected outturn position shows an amount of £340 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 £43,705, which is estimated at 5% return with the proposed budget for 2023/24 remaining at 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 £431 which, along with the £237 received in March 2022, has been re-invested to purchase an additional 685 units.

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

- (a) The property expenditure for 2022/23 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 total proposed budget for 2023/24 is shown in Appendix 1.
- (c) Appendices 3a and 3b show a full breakdown of the projected budget for property rental and repairs for 2023/24. 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 2023 are shown below:

<b>Grant Recipients</b>	<b>Approved</b>	<b>£</b>
<b>Approved and Paid to 31 December 2022</b>		
Rotary club – Birl & Beer festival	12/09/22	1,500
Jedburgh Community Trust – Capon Tree	12/09/22	3,000
<b>Total Paid to 31 March 2023</b>		<b>4,500</b>
<b>Approved but not yet paid</b>		
Scottish Borders Council	28/02/22	50,000
Jetharts Callants Festival	14/11/22	5,000
<b>Total Grants Approved not paid</b>		<b>55,000</b>
<b>2022/23 Budget</b>		<b>85,000</b>
<b>(Unallocated)/Overallocated Budget</b>		<b>(25,500)</b>

The budget for 2023/24 is proposed at £26,000, 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 was estimated using a 2% uplift on the 2021/22 charge however, after confirmation of the 5% agreed pay award for 2022/23, an additional 3% has been added. The proposed charge for 2023/24 is currently estimated using a 2% uplift on the 2022/23 charge. A full Service Charge Review is due to be carried out in 2023/24.

#### 4.7 Income & Expenditure – Depreciation Charge

The projected 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 1 April 2022, the projected movement in year and a projected balance sheet as at 31 March 2023; along with projected balance to 31 March 2024.

#### 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, with interim review. A full revaluation was carried out at 1 April 2019, with an interim review at 31 March 2022. Appendix 4 shows the actual values of the individual properties at 1 April 2022, projected depreciation charges for 2022/23 and projected values at 31 March 2023; along with projected value at 31 March 2024. Adjustments required as part of the 2021/22 audit are now completed and those impacting the balance sheet value are listed in the table below:

<b>Asset Adjustments</b>	<b>Re-valuation as at 31/3/2022 £</b>
Mary Queen of Scots House	35,199

#### 4.10 Balance Sheet – Investment Fund

The fund has a 11.43% unrealised loss 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 12.81% since investment in February 2018.

#### 4.11 Balance Sheet – Long Term Debtors

Long Term Debtors has now been paid in full as detailed in Paragraph 4.12, leaving a zero balance at the year-end.

#### 4.12 Balance Sheet – Cash Balance

The cash held by the fund is projected to be £40,119 at 31 March 2023 and is detailed below:

<b>Cash Balance</b>	<b>£</b>
<b>Opening Balance at 1 April 2022</b>	<b>100,240</b>
<b><i>Repayment of Principal (Long Term Debtors)</i></b>	
Jedburgh Bowling Club Loan – Payment in full October 2022	5,000
Projected deficit for year from Income & Expenditure Statement	(44,165)
Investment in Aegon Asset Management	(20,000)
Rebate Investment in Aegon	(956)
<b>Projected Closing Balance as at 31 March 2023</b>	<b>40,119</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

**Suzy Douglas**  
**Acting Chief Financial Officer**

**Signature .....**

### Author(s)

Suzy Douglas	Acting Chief Financial Officer - Tel:01835 825881
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### Background Papers:

**Previous Minute Reference:** Jedburgh Common Good Committee 14 November 2022

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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  
PROJECTED INCOME AND EXPENDITURE 2022/23 AND 2023/24**

**APPENDIX 1**

	Actuals at 31/12/22	Full Year Approved Budget 2022/23	Full Year Projected Out-turn 2022/23	Full Year Projected Over/ (Under) Spend 2022/23	Full Year Projected Budget 2023/24	Para Ref	Comments
	£	£	£	£	£		
<b>Property Income</b>							
Rental Income	0	0	0		0	4.2	
<b>Non-Property Related Income</b>							
Interest on Loan-Jedburgh Bowling Club	(90)	(90)	(90)		0	4.3	Loan repaid Oct 2022
Interest on Cash deposited with Council	(0)	(340)	(340)		(340)	4.3	
Investment Funds – Dividends Rec'd	(35,342)	(43,705)	(43,705)		(44,804)	4.3	Est 5% return
Other Income	(432)	(950)	(950)		(950)	4.3	
<b>Total Income</b>	<b>(35,864)</b>	<b>(45,085)</b>	<b>(45,085)</b>		<b>(46,094)</b>		
<b>Property Expenditure</b>							
Property Costs – General	0	0	0		0	4.4	
<b>Total Property Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>		
<b>Grants &amp; Other Donations</b>	<b>4,500</b>	<b>85,000</b>	<b>85,000</b>		<b>26,000</b>	4.5	
<b>Central Support Service Charge</b>	<b>4,250</b>	<b>4,129</b>	<b>4,250</b>	<b>121</b>	<b>4,335</b>	4.6	Subject to review
<b>Depreciation</b>							
Depreciation Charge	0	11,733	11,733		11,733	4.7	
Contribution from Revaluation Reserve	0	(11,733)	(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>Total Net (Surplus)/Deficit for year</b>	<b>(27,114)</b>	<b>44,044</b>	<b>44,165</b>	<b>121</b>	<b>(15,759)</b>		

## PROJECTED BALANCE SHEET VALUE AS AT 31 MARCH 2023 AND 31 MARCH 2024

	Opening Balance at 01/04/22	Projected Movement in Year	Projected Closing Balance at 31/03/23	Projected Closing Balance at 31/03/24
	£	£	£	£
<b>Fixed Assets</b>				
Land & Buildings	552,000	(11,733)	540,267	528,534
Feu Duties	0	0	0	0
<b>Total Fixed Assets</b>	<b>552,000</b>	<b>(11,733)</b>	<b>540,267</b>	<b>528,534</b>
<b>Capital in Investment Funds</b>				
Investment Fund Book Value	945,362	20,956	966,318	967,274
Unrealised Gains/(Loss)	7,505	(0)	7,505	7,505
<b>Market Value</b>	<b>952,867</b>	<b>20,956</b>	<b>973,823</b>	<b>974,779</b>
<b>Long Term Debtors</b>				
Loan to Jedburgh Bowling Club	5,000	(5,000)	0	0
	<b>5,000</b>	<b>(5,000)</b>	<b>0</b>	<b>0</b>
<b>Current Assets</b>				
Debtors	4,522	0	4,522	4,522
Cash deposited with SBC	100,240	(60,121)	40,119	54,922
<b>Total Current Assets</b>	<b>104,762</b>	<b>(60,121)</b>	<b>44,641</b>	<b>59,444</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>1,614,629</b>	<b>(55,898)</b>	<b>1,558,731</b>	<b>1,562,757</b>
<b>Funded by:</b>				
<b>Reserves</b>				
Revenue Reserve	(139,950)	44,165	(95,785)	(111,544)
Capital Reserve	(925,352)	0	(925,352)	(925,352)
Revaluation Reserve	(549,327)	11,733	(537,594)	(525,861)
<b>Total Reserves</b>	<b>(1,614,629)</b>	<b>55,898</b>	<b>(1,558,731)</b>	<b>(1,562,757)</b>



**PROPERTY PORTFOLIO PERFORMANCE FOR 2022/23**  
**(Actual income to 31 December 2022 and projected 2023/24)**

Rental Income – Land & Buildings	2022/23			2023/24	
	Approv'd Budget  £	Actuals  £	Project'd Net (Return) /Loss £	Proposed Budget	Proposed Net (Return) /Loss £
Market Cross/Jubilee Fountain	0	0	0	0	0
Jedburgh Castle Jail	0	0	0	0	0
Mary Queen of Scots House	0	0	0	0	0
Murray's Green Park	0	0	0	0	0
Murrays Green Car Park	0	0	0	0	0
Dounehill (Dunshill)	0	0	0	0	0
Dounehill (Dunshill) Playpark	0	0	0	0	0
Ramparts	0	0	0	0	0
Land at Oxnam Road	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**PROPERTY PORTFOLIO PERFORMANCE FOR 2022/23**  
**(Actual expenditure to 31 December 2022 and projected 2023/24)**

Property Expenditure – Land & Buildings	2022/23				2023/24
	Approv'd Budget	Actual (Repair & Maint) £	Actual (Other) £	Actual Total £	Proposed Budget £
	£	£	£	£	£
Market Cross/Jubilee Fountain	0	0	0	0	0
Jedburgh Castle Jail	0	0	0	0	0
Mary Queen of Scots House	0	0	0	0	0
Murray's Green Park	0	0	0	0	0
Murrays Green Car Park	0	0	0	0	0
Dounehill (Dunshill)	0	0	0	0	0
Dounehill (Dunshill) Playpark	0	0	0	0	0
Ramparts	0	0	0	0	0
Land at Oxnam Road	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**PROPERTY PORTFOLIO VALUATION FOR 2022/23  
(Projected property valuation to 31 March 2023 and 31 March 2024)**

<b>Fixed Assets – Land &amp; Buildings</b>	<b>Net Book Value at 31/03/22 (Previously reported) £</b>	<b>Adjustment (see Note 4.9 ) £</b>	<b>Net Book Value at 01/04/22 £</b>	<b>Project'd Depn Charge 2022/23 £</b>	<b>Project'd Net Book Value at 31/03/23 £</b>	<b>Project'd Depn Charge 2023/24 £</b>	<b>Project'd Net Book Value at 31/03/24 £</b>
Market Cross/Jubilee Fountain	0	0	0	0	0	0	0
Jedburgh Castle Jail	0	0	0	0	0	0	0
Mary Queen of Scots House	516,801	35,199	552,000	(11,733)	540,267	(11,733)	528,534
Murray's Green Park	0	0	0	0	0	0	0
Murrays Green Car Park	0	0	0	0	0	0	0
Dounehill (Dunshill)	0	0	0	0	0	0	0
Dounehill (Dunshill) Playpark	0	0	0	0	0	0	0
Ramparts	0	0	0	0	0	0	0
Land at Oxnam Road	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
<b>Total</b>	<b>516,801</b>	<b>35,199</b>	<b>552,000</b>	<b>(11,733)</b>	<b>540,267</b>	<b>(11,733)</b>	<b>528,534</b>

<b>Fixed Assets – Moveable Assets</b>
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>

**JEDBURGH COMMON GOOD FUND  
INVESTMENTS EXTERNALLY MANAGED**

**APPENDIX 5**

<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
Aegon Asset Management Investment	20,838	20,000
Aegon Fund Rebate – (2022-2023)	685	668
<b>Total Invested to 31 December 2022</b>	<b>895,632</b>	<b>966,030</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
31 March 2022	952,867
30 June 2022	847,575
30 September 2022	794,275
31 December 2022	858,911
<b>Increase/(Decrease) from Total Cash Invested</b>	<b>(107,119)</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
to 30 June 2022	-10.46	+10.70
to 30 September 2022	-16.12	+5.84
to 31 December 2022	-11.43	+12.81