
MONITORING REPORT FOR 12 MONTHS TO 31 MARCH 2023 AND PROPOSED BUDGET FOR FINANCIAL YEAR 2023/24

Report by Acting Chief Financial Officer

DUNS COMMON GOOD FUND SUB-COMMITTEE

29 May 2023

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 2022/23 including balance sheet values as at 31 March 2023 and proposed budget for 2023/24.**
- 1.2 Appendix 1 provides the actual income and expenditure for 2022/23. This shows a surplus of £670 for the year.
- 1.3 Appendix 2 provides an actual balance sheet value as at 31 March 2023. It shows a decrease in the reserves of £1,445.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing actual property valuations at 31 March 2023.
- 1.5 Appendix 4 shows the value of the Aegon Asset Management Investment Fund to 31 March 2023.

2 RECOMMENDATIONS

- 2.1 I recommend that the Common Good Fund Sub-Committee:**
 - (a) Notes the actual income and expenditure for 2022/23 in Appendix 1;**
 - (b) Agrees the proposed budget for 2023/24 as shown in Appendix 1.**
 - (c) Notes the final balance sheet value as at 31 March 2023, and projected balance sheet value as at 31 March 2024 in Appendix 2;**
 - (d) Notes the summary of the property portfolio in Appendix 3; and**
 - (e) Notes the current position of the investment in the Aegon Asset Management Investment Fund in Appendix 4.**

3 BACKGROUND

3.1 This report provides the Committee with financial information for the period 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 2024.

4 FINANCIAL POSITION 2022/23

4.1 Appendix 1 provides details on income and expenditure for the 2022/23 financial year, which resulted in a surplus of £670, as well as the proposed budget for 2023/24.

4.2 Income & Expenditure – Non-Property Related Income

(a) The final out-turn position shows an amount of £57 relating to interest receivable on cash held by SBC. This is higher than the projected figure due to the improvement in interest rates. Also included are dividends from the Common Good Fund's investment in Aegon Asset Management amounting to £819, with the projection for 2023/24 returning to the 5% target and the monthly distribution profile projections provided by Aegon. 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 £15 which, along with the £4 received in March 2022, has been re-invested to purchase an additional 21 units. Rebate income received in March 2023 of £4 has been accounted for within income, but the corresponding 4 units were not purchased until April 2023.

4.3 Income & Expenditure – Property Expenditure

During 2022/23 there was no property expenditure.

4.4 Income & Expenditure – Grants & Other Donations

It is anticipated that no grants will be paid from the Duns Common Good Fund.

4.5 Income & Expenditure – Central Support Service Charge

The proposed charge for 2022/23 was estimated using a 2% uplift on the 2021/22 charge. 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. This is subject to revision once the 2023/24 pay award is confirmed and a full Service Charge Review has been completed and approved by Council.

4.6 Appendix 2 provides the actual balance sheet value as at 31 March 2023, and a projected balance sheet as at 31 March 2024.

4.7 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. Appendix 4 shows the actual values of the individual properties at 31 March 2023, actual depreciation charges for 2022/23 and projected values at 31 March 2024. Adjustments required as part of the 2021/22 audit are now complete with no further impact on the balance sheet.

4.8 **Balance Sheet – Investment Fund**

The fund has an 11.69% unrealised loss 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 13.46% since investment in February 2018.

4.9 **Balance Sheet – Cash Balance**

The cash held by the fund is £3,632 at 31 March 2023 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2022	2,947
Surplus for year from Income & Expenditure Statement	670
Net Cash Movement in Debtors & Creditors	34
Rebate Investment in Aegon	(19)
Closing Balance at 31 March 2023	3,632

4.10 **Balance Sheet – Capital Reserve**

The movements in the Capital Reserves include the unrealised loss for the Aegon Asset Management Fund as at 31 March 2023, 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 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, Communications and the Clerk to the Council have been consulted and their appropriate comments have been incorporated into this report.

Approved by

Suzy Douglas
Acting Chief Financial Officer

Author(s)

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Background Papers:

Previous Minute Reference: Duns Common Good Committee and 15 December 2021.

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Contact us at Pension & Investment Team, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA.

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DUNS COMMON GOOD FUND

APPENDIX 1

ACTUAL INCOME AND EXPENDITURE 2022/23

	Actuals at 31/03/23	Full Year Projected Out-turn 2022/23	Over/ (Under) Spend 2022/23	Proposed Budget 2023/24	Para Ref	Commentary
	£	£	£	£		
<i>Non-Property Related Income</i>						
Interest on Cash deposited with Council	(57)	(1)	(56)	(1)	4.2	Est 5% return
Investment Fund – Dividends Rec’d	(819)	(790)	(29)	(792)	4.2	
Other Income	(15)	(17)	2	(17)	4.2	
Total Income	(891)	(808)	(83)	(810)		
<i>Property Expenditure</i>						
Property Costs – General	0	0	0	0	4.3	
Total Property Expenditure	0	0	0	0		
Grants & Other Donations	0	0	0	0	4.4	
<i>Running Costs</i>						
Central Support Service Charge	221	214	7	225	4.5	Subject to review
Net Running Costs	221	214	7	225		
Total Net (Surplus)/Deficit for year	(670)	(594)	(76)	(585)		

BALANCE SHEET VALUE AS AT 31 MARCH 2023

	Opening Balance at 01/04/22	Movement in Year	Closing Balance at 31/03/23	Projected Closing Balance at 31/03/24
	£	£	£	£
Fixed Assets				
Land & Buildings	0	0	0	0
Total Fixed Assets	0	0	0	0
Capital Investments				
Investment Fund Book Value	17,097	19	17,116	17,135
Unrealised Gains/(Loss)	118	(2,115)	(1,997)	(1,997)
Market Value	17,215	(2,096)	15,119	15,138
Current Assets				
Debtors	81	(34)	47	47
Cash deposited with SBC	2,947	685	3,632	4,198
	3,028	651	3,679	4,245
Current Liabilities				
Creditors	0	0	0	0
Net Assets	20,243	(1,445)	18,798	19,383
Funded by:				
Reserves				
Revenue Reserve	(20,125)	(670)	(20,795)	(21,380)
Capital Reserve	(118)	2,115	1,997	1,997
Revaluation Reserve	0	0	0	0
Total Reserves	(20,243)	1,445	(18,798)	(19,383)

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

Fixed Assets – Land & Buildings	Net Book Value at 01/04/22	Depn Charge 2022/23	Net Book Value at 31/03/23	Project'd Depn Charge 2023/24	Project'd Net Book Value at 31/03/24
	£	£	£	£	£
Showground Car Park	0	0	0	0	0
Total	0	0	0	0	0

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
Aegon Fund Rebate – 2021-22	15	17
Aegon Fund Rebate – 2022-23	21	19
Total Invested to 31 March 2023	15,812	17,116

Value of Investment	£
February 2018	17,031
March 2018	16,977
March 2019	17,167
March 2020	14,477
March 2021	17,215
March 2022	17,215
March 2023	15,119
Increase/(Decrease) from Total Cash Invested	(1,997)

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
to 31 March 2022	+0.68	+22.56
to 31 March 2023	-11.69	+13.46