
MONITORING REPORT FOR 3 MONTHS TO 30 JUNE 2023

Report by Director of Finance & Procurement

SELKIRK COMMON GOOD FUND SUB-COMMITTEE

13 September 2023

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Selkirk Common Good Fund for the three months to 30 June 2023, a full year projected out-turn for 2023/24, and projected balance sheet values as at 31 March 2024.**
- 1.2 Appendix 1 provides the projected income and expenditure position for 2023/24. This shows a projected deficit of £2,763 for the year, which is less than the previously reported surplus on 7 June 2023, as a result of an increase in the property repairs budget.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2024. It shows a projected decrease in reserves of £142,039.
- 1.4 Appendix 3a provides a breakdown of the property portfolio showing projected rental income and projected net return for 2023/24 and actual property income to 30 June 2023.
- 1.5 Appendix 3b provides a breakdown of the property portfolio showing projected property expenditure for 2023/24 and actual property expenditure to 30 June 2023.
- 1.6 Appendix 4 provides a breakdown of the property portfolio showing projected property valuations at 31 March 2024.
- 1.7 Appendix 5 shows the value of the Aegon Asset Management Investment Fund to 30 June 2023.

2 RECOMMENDATIONS

- 2.1 I recommend that the Common Good Fund Sub-Committee:**
 - (a) Notes the actual income and expenditure for 2023/24 in Appendix 1 as the revised budget for 2023/24;**
 - (b) Notes the projected balance sheet value as at 31 March 2024 in Appendix 2;**
 - (c) Notes the summary of the property portfolio in Appendices 3 and 4; and**
 - (d) 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 30 June 2023 and projections to 31 March 2024. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2024.

4 FINANCIAL POSITION 2023/24

4.1 Appendix 1 provides details on income and expenditure for the 2023/24 financial year. The projected net position for the year is a deficit of £2,763.

4.2 Income & Expenditure – Property Income

- (a) Rental income for 2023/24 is shown in Appendices 1 & 3a, with Appendix 3a detailing the actual 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.
- (b) The projected property income budget has been reduced by £3,100, due to lost rental income on 28 Market Place for the first few months of the current year. A 3 year lease has now been agreed on at an annual rental of £6,000, with the first two months rent free. Tenancy is expected from 1st September 2023.

4.3 Income & Expenditure – Non-Property Related Income

- (a) The projected out-turn 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 £11,940 with the projection for 2023/24 remaining at the 5% target and the monthly distribution profile projections provided by Aegon. The position will be monitored closely with Aegon Asset Management.
- (b) Rebate income of £58 from Aegon Asset Management received in March 2023 along with the corresponding 60 units purchased in April, was accounted for in 2022/23.

4.4 Income & Expenditure – Property Expenditure

- (a) The property expenditure for 2023/24 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 property expenditure for 2023/24 has been increased by £20,000 to reflect the agreed refurbishment works to 28 Market Place, to meet current Environmental Health standards and the installation of heating.
- (c) Appendices 3a and 3b show a full breakdown of the projections 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 2024, are shown below:

Grant Recipients	Approved	£
Approved and Paid to 30 June 2023		0
Total Paid to 31 March 2024		0
Approved Budget 2023/24		18,150
<i>(Unallocated)/Overallocated Budget</i>		<i>(18,150)</i>

4.6 Income & Expenditure – Central Support Service Charge

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.

4.7 Income & Expenditure – Depreciation Charge

The projected depreciation charge for the year is £139,276. 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 2023, the projected movement in year and a projected balance sheet as at 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. The fixed assets were revalued at 1 April 2019. Appendix 4 shows the actual values of the individual properties at 1 April 2022, projected depreciation charges for 2023/24 and projected values at 31 March 2024.

4.10 Balance Sheet – Investment Fund

The fund has a 11.30% 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 16.45% since investment in February 2018.

4.11 Balance Sheet – Cash Balance

The cash held by the fund is projected to be £87,986 at 31 March 2024 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2023	91,046
Projected deficit for year from Income & Expenditure statement	(2,763)
Net Cash Movement in Debtors/Creditors	0
Rebate Investment in Aegon	(297)
Projected Closing Balance at 31 March 2024	87,986

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 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 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

Suzy Douglas
Director of Finance & Procurement

Author(s)

Suzy Douglas	Director of Finance & Procurement - Tel: 01835 825881
--------------	---

Background Papers:

Previous Minute Reference: Selkirk Common Good Committee 7 June 2023

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
Email: t&cteam@scotborders.gov.uk

**SELKIRK COMMON GOOD FUND
PROJECTED INCOME AND EXPENDITURE 2023/24**

APPENDIX 1

	Actuals at 30/06/23	Full Year Approved Budget 2023/24	Full Year Projected Out-turn 2023/24	Full Year Projected Over/ (Under) Spend 2023/24	Para Ref	Comments
	£	£	£	£		
Property Income						
Rental Income	(44,393)	(63,731) 0	(60,631) 0	3,100	4.2	
Non-Property Related Income						
Interest on Cash deposited with Council	(0)	(50)	(50)		4.3	
Investment Funds – Dividends Rec'd	(1,850)	(11,940)	(11,940)		4.3	Est 5% return
Realised Gain on Disinvestment	(0)	0	0		4.3	
Other Income	(0)	(260)	(260)		4.3	
Total Income	(46,243)	(75,981)	(72,881)	3,100		
Property Costs – General	5,677	25,500	45,500	20,000	4.4	
Grants & Other Donations	0	18,150	18,150		4.5	3 year average
Central Support Service Charge	0	11,994	11,994		4.6	Subject to review
Depreciation						
Depreciation Charge	0	139,276	139,276		4.7	
Contribution from Revaluation Reserve	0	(139,276)	(139,276)		4.7	
Net impact of Depreciation on Revenue Reserve	0	0	0			
Total Net (Surplus)/Deficit for year	(40,566)	(20,337)	2,763	23,100		

PROJECTED BALANCE SHEET VALUE AS AT 31 MARCH 2024

	Opening Balance at 01/04/23	Projected Movement in Year	Projected Closing Balance at 31/03/24
	£	£	£
Fixed Assets			
Land & Buildings	3,906,624	(139,276)	3,767,348
Moveable Assets	1,500	0	1,500
Total Fixed Assets	3,908,124	(139,276)	3,768,848
Capital in Investment Funds			
Investment Fund Book Value	258,885	297	259,182
Unrealised Gains/(Loss)	(30,611)	0	(30,611)
Market Value	228,274	297	228,571
Current Assets			
Debtors	8,178	0	8,178
Cash deposited with SBC	91,046	(3,060)	87,986
Total Current Assets	99,224	(3,060)	96,164
Current Liabilities			
Creditors	0	0	0
Receipts in Advance	(720)	0	(720)
Total Current Liabilities	(720)	0	(720)
Net Assets	4,234,902	(142,039)	4,092,863
Funded by:			
Reserves			
Revenue Reserve	(182,783)	2,763	(180,020)
Capital Reserve	(164,389)	0	(164,389)
Revaluation Reserve	(3,887,730)	138,276	(3,748,454)
Total Reserves	(4,234,902)	142,039	(4,092,863)

PROPERTY PORTFOLIO PERFORMANCE FOR 2023/24
(Actual income to 30 June 2023 and projections to 31 March 2024)

Rental Income – Land & Buildings	2023/24			
	Approv'd Budget	Project'd Budget	Actuals as at 30/06/23	Project'd Net (Return) /Loss
	£	£	£	£
The Green Hut	(2,350)	(2,350)	0	(2,350)
Town Hall Clock	0	0	0	0
Pant Well Monument	0	0	0	0
Victoria Hall Caretakers Flat	0	0	0	0
Victoria Hall	0	0	0	0
Pringle Park	0	0	0	0
Victoria Park Pavilion site	(200)	(200)	(233)	(200)
Pringle Park Play Area	0	0	0	0
Selkirk Golf Course	0	0	0	0
South Common Farm	(9,500)	(9,500)	(10,259)	(6,000)
Smedheugh Farm	(23,500)	(23,500)	(15,471)	(20,000)
Selkirk Hill Grazings	(410)	(410)	(410)	9,590
Linglie Farm	(7,300)	(7,300)	(8,456)	(3,800)
Victoria Park & Caravan Site	0	0	0	0
26 Market Place	(4,160)	(4,160)	(4,854)	(4,160)
28 Market Place	(5,600)	(2,500)	0	17,500
Selkirk Town Hall	0	0	0	0
South Common Plantations	0	0	0	0
Smedheugh Farm Shootings	(200)	(200)	(250)	(200)
Smedheugh Plantations	0	0	0	0
Linglie Plantations	0	0	0	0
Linglie Farm Shootings	0	0	0	0
Linglie Mast Site	(10,311)	(10,311)	(4,210)	(10,311)
South Common Farm Shootings	(200)	(200)	(250)	(200)
Bog Park Recreation Area	0	0	0	0
Shawburn Amenity Ground	0	0	0	0
Shawburn Toll Embankment	0	0	0	0
Bog Park Play Hall	0	0	0	0
Victoria Park Play Area	0	0	0	0
Civic Amenity Site	0	0	0	0
Rosebank Quarry Former Tip Site	0	0	0	0
Rosebank Quarry Play Area	0	0	0	0
Shawpark Road Development Site	0	0	0	0
River Ettrick Salmon Fishing Right	0	0	0	0
Sir Walter Scott Statue	0	0	0	0
Fletchers Memorial	0	0	0	0
Selkirk Swimming Pool (Live B'ders)	0	0	0	0
Property Expenditure General	0	0	0	5,000
Total	(63,731)	(60,631)	(44,393)	(15,131)

PROPERTY PORTFOLIO PERFORMANCE FOR 2023/24
(Actual expenditure to 30 June 2023)

Property Expenditure – Land & Buildings	2023/24				
	Approv'd Budget	Project'd Budget	Actual (Repair & Maint)	Actual (Other)	Actual Total
	£		£	£	£
The Green Hut	0	0	0	0	0
Town Hall Clock	0	0	0	0	0
Pant Well Monument	0	0	0	0	0
Victoria Hall Caretakers Flat	0	0	0	0	0
Victoria Hall	0	0	82	0	82
Pringle Park	0	0	0	0	0
Victoria Park Pavilion site	0	0	120	0	120
Pringle Park Play Area	0	0	0	0	0
Selkirk Golf Course	0	0	0	0	0
South Common Farm	3,500	3,500	1,571	0	1,571
Smedheugh Farm	3,500	3,500	545	0	545
Selkirk Hill Grazings	10,000	10,000	0	0	0
Linglie Farm	3,500	3,500	937	0	937
Victoria Park & Caravan Site	0	0	0	0	0
26 Market Place	0	0	1,710	(46)	1,664
28 Market Place	0	20,000	0	358	358
Selkirk Town Hall	0	0	0	0	0
South Common Plantations	0	0	0	0	0
Smedheugh Farm Shootings	0	0	0	0	0
Smedheugh Plantations	0	0	0	0	0
Linglie Plantations	0	0	0	0	0
Linglie Farm Shootings	0	0	0	0	0
Linglie Mast Site	0	0	0	0	0
South Common Farm Shootings	0	0	0	0	0
Bog Park Recreation Area	0	0	0	0	0
Shawburn Amenity Ground	0	0	0	0	0
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	0	0	0	0	0
Rosebank Quarry Former Tip Site	0	0	0	0	0
Rosebank Quarry Play Area	0	0	0	0	0
Shawpark Road Development Site	0	0	0	0	0
River Ettrick Salmon Fishing Right	0	0	0	0	0
Sir Walter Scott Statue	0	0	0	0	0
Fletchers Memorial	0	0	0	0	0
Selkirk Swimming Pool (Live Borders)	0	0	0	0	0
Property Expenditure General	5,000	5,000	400	0	400
Total	25,500	45,500	5,365	312	5,677

PROPERTY PORTFOLIO VALUATION FOR 2023/24
(Projected property valuation to 31 March 2024)

Fixed Assets – Land & Buildings	Net Book Value at 31/03/23	Project'd Depn Charge 2023/24	Project'd Net Book Value at 31/03/24
	£	£	£
The Green Hut	33,000	0	33,000
Town Hall Clock	0	0	0
Sir Walter Scott Statue	0	0	0
Fletchers Memorial	0	0	0
Pant Well Monument	0	0	0
Victoria Hall Caretakers Flat	55,091	(4,909)	50,182
Victoria Hall	846,690	(68,310)	778,380
Pringle Park	0	0	0
Victoria Park Pavilion site	4,000	0	4,000
Pringle Park Play Area	0	0	0
Selkirk Golf Course	152,000	0	152,000
South Common Farm	437,819	(7,181)	430,638
Smedheugh Farm	1,076,765	(23,235)	1,053,530
Selkirk Hill Grazings	36,000	0	36,000
Linglie Farm	712,273	(7,727)	704,546
Victoria Park & Caravan Site	0	0	0
26 Market Place	30,588	(4,514)	26,074
28 Market Place	38,586	(5,714)	32,872
Selkirk Town Hall	137,312	(17,686)	119,626
South Common Plantations	9,000	0	9,000
Smedheugh Farm Shootings	1,000	0	1,000
Smedheugh Plantations	35,000	0	35,000
Linglie Plantations	22,500	0	22,500
Linglie Farm Shootings	3,250	0	3,250
Linglie Mast Site	88,000	0	88,000
South Common Farm Shooting	1,000	0	1,000
River Ettrick Salmon Fishing Rights	750	0	750
Bog Park Recreation Area	0	0	0
Shawburn Amenity Ground	40,000	0	40,000
Shawburn Toll Embankment	0	0	0
Bog Park Playground	0	0	0
Victoria Park Play Area	0	0	0
Selkirk Swimming Pool (Live Borders)	0	0	0
Civic Amenity Site	114,000	0	114,000
Rosebank Quarry Former Tip Site	0	0	0
Rosebank Quarry Play Area	0	0	0
Shawpark Rd Development Site	32,000	0	32,000
Total	3,906,624	(139,276)	3,767,348

Fixed Assets – Moveable Assets	Projected Net Book Value at 31/03/24
	£
Silver Arrow Display Case	1,500
Haining Painting	0
Arts & Artefacts – held in locations below:	0
<u>Selkirk Courthouse</u>	
Ceremonial & Related Items:	
Provosts Badge & Chain	
Treasurer’s Badge & Chain	
Baillies Badges & Chains	
Burgess Cup; Burgess Roll	
Silver Cup & Cover	
<u>Sir Walter Scott’s Courtroom</u>	
Ceremonial & Related Items:	
Copy of Royal Charter	
Framed Air View Map of Burgh of Selkirk	
Framed List of House holders in Selkirk, 1873	
Certificate of Matriculation of the Arms of the Royal burgh of Selkirk	
Ceremonial Burgh hallberds	
Paintings & Photographs:	
James Hogg “the Ettrick Shepherd”	
After the Battle of Philiphaugh	
Flowers of the Forest (or Return from Flodden)	
The Legend of Ladywoodedge	
Yarrow Valley	
Selkirk: memories of Flodden	
Thomas Anderson, surgeon, Selkirk	
Henry Scott Anderson, MD, Provost 1868 - 80	
Sir Walter Scott (7)	
Framed photograph of Andrew Lang	
Copy engraving of Mungo Park	
Engraving of Robert Burns	
Conferment of the Freedom of Selkirk on the Royal Company of Archers, 1971	
Conferment of the Freedom of Selkirk on the Duke of Buccleuch and earl Home, 1963	
Conferment of the Freedom of Selkirk on the Kings own Scottish Borderers, 1953	
Dance of the Fairies, 1935	
Engraving- Prince Leopold of Belgium	
Handwritten Letters:	
Letters from Walter Scott’s daughter Charlotte	
Letter from Sir Walter Scott	
Letters from Andrew Lang	
Letter from Mungo Park	
Signed copy of “Nithsdale”	
Other items:	
Bust of Sir Walter Scott	
Shield (2)	
Total	1,500

INVESTMENTS EXTERNALLY MANAGED

Cost of Investment	Units	£
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)	224	246
Aegon Fund Rebate – (2022-2023)	305	297
Total Invested to 30 June 2023	238,730	258,885

Value of Investment	£
31 March 2018	231,938
31 March 2019	269,040
31 March 2020	193,744
31 March 2021	230,380
31 March 2022	259,907
30 June 2022	231,187
30 September 2022	216,649
31 December 2022	228,829
31 March 2023	228,273
30 June 2023	229,252
Increase/(Decrease) from Total Cash Invested	(29,633)

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 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
to 31 March 2023	-11.69	+13.46
to 30 June 2023	-11.30	+16.45