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LAUDER COMMON GOOD FUND SUB-COMMITTEE TUESDAY, 16TH JUNE, 2015

A MEETING of the LAUDER COMMON GOOD FUND SUB-COMMITTEE will be held in the LEADER'S OFFICE, COUNCIL HEADQUARTERS, NEWTOWN ST BOSWELLS on TUESDAY, 16TH JUNE, 2015 at 2.00 PM.

J J WILKINSON,
Clerk to the Council.

9th June 2015.

BUSINESS		
1.	Apologies for Absence.	
2.	Order of Business.	
3.	Declarations of Interest.	
4.	Minute. (Pages 1 - 2) Minute of Special Meeting of 24 February 2015 to be noted and signed by the Chairman. (Copy attached.)	1 mins
5.	Monitoring Report for 12 Months to 31 March 2015. (Pages 3 - 10) Consider report by the Chief Financial Officer on Financial Monitoring for 12 months to 31 March 2015. (Copy attached.)	10 mins
6.	Any Other Items Previously Circulated.	
7.	Any Other Items which the Chairman Decides are Urgent.	
8.	Items Likely To Be Taken In Private. Before proceeding with the private business, the following motion should be approved:- "That under Section 50A(4) of the Local Government (Scotland) Act 1973 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 8 of Part 1 of Schedule 7A to the aforementioned Act."	2 mins
9.	Minute. (Pages 11 - 12)	2 mins

	Private Section of Minute of 30 April 2015 to be noted and signed by the Chairman. (Copy attached.)	
10.	Access Rights to Muircleugh Wind Farm, Lauder. Verbal update by H Macleod, Solicitor, Legal Services.	10 mins

NOTES

1. **Timings given above are only indicative and not intended to inhibit Members' discussions.**
2. **Members are reminded that, if they have a pecuniary or non-pecuniary interest in any item of business coming before the meeting, that interest should be declared prior to commencement of discussion on that item. Such declaration will be recorded in the Minute of the meeting.**

Membership of Committee:- Councillors D Parker (Chairman), I Gillespie, J Torrance.
Councillor A Smith.

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SCOTTISH BORDERS COUNCIL
LAUDER COMMON GOOD FUND SUB-COMMITTEE

MINUTE of the SPECIAL MEETING of the
LAUDER COMMON GOOD FUND SUB-
COMMITTEE held in the LEADER'S OFFICE,
Council Headquarters, Newtown St Boswells
on 30 April 2015 at 9.15am.

Present:- Councillors D Parker (Chairman), I Gillespie, J Torrance.
Apologies:- Community Councillor A Smith.
In Attendance:- Solicitor (H MacLeod), Capital and Investment Manager (K Robb), Estates
Surveyor (J Morison), Democratic Services Officer (P Bolson).

URGENT BUSINESS

1. Under Section 50B(4)(b) of the Local Government (Scotland) Act 1973, the Chairman was of the opinion that the items dealt with in the following paragraphs should be considered at the meeting as a matter of urgency, in view of the need to make an early decision.

LAUDER GOLF COURSE

2. With reference to paragraph 7 of the Minute of the meeting of 28 October 2014, the Chairman informed Members that he had received a request from Lauder Golf Club that its existing loan from Scottish Borders Council be converted to an interest-free loan with capital only to be repaid. Mrs Robb advised Members that, if agreed, this would result in £1,619 interest being waived by the Council, given the current rate of interest of 2.58%. Discussion followed and it was agreed that the Chairman would contact Lauder Community Council to inform them of the Sub-Committee's decision.

DECISION

AGREED that-

- (a) **consent be granted to Lauder Golf Club to pay an additional lump sum towards the existing loan it has with Scottish Borders Council with no interest payable against this lump sum; and**
- (b) **the remainder of the loan be repayable on an interest-free basis, amounting to a waiver of £1,619 interest for the rest of the life of the loan.**

LAUDER TOWN HALL

3. The Chairman advised Members that he had received a request from the Lauder Common Riding Committee to consider some redecoration and the renewal of the carpet within Lauder Town Hall. Discussion followed in terms of the flooring at the Hall and the Chairman gave some background to this situation, advising Members that this had been reviewed previously. It was agreed that it would be beneficial to meet with the Council's Property Manager in order to take this forward and the Chairman would make arrangements for Members to meet with Mr Stuart Mawson.

DECISION

AGREED that arrangements be made for Members to meet with Mr Stuart Mawson, the Council's Property Manager to discuss proposals for redecoration and flooring at the Town Hall, Lauder.

PRIVATE BUSINESS

4. **DECISION**
AGREED under Section 50A(4) of the Local Government (Scotland) Act 1973 to exclude the public from the meeting during consideration of the business contained in the following items on the grounds that they involved the likely disclosure of exempt information as defined in paragraph 9 of part 1 of Schedule 7A to the Act.

SUMMARY OF PRIVATE BUSINESS

ACCESS RIGHTS TO MUIRCLEUGH WIND FARM, LAUDER

1. The Sub-Committee considered a report by the Service Director Commercial Services on Access Rights to Muircleugh Wind Farm, Lauder.

The meeting concluded at 9.45am

Monitoring Report for 12 Months to 31 March 2015

Report by the Chief Financial Officer

Lauder Common Good Sub Committee

16 June 2015

1 PURPOSE AND SUMMARY

- 1.1 This report provides the year end out-turn for the Lauder Common Good Fund for the year 2014/15 including balance sheet values at 31 March 2015 and proposed budget for 2015/16**
- 1.2 Appendix 1 provides the actual income and expenditure for 2014/15. This shows a deficit of £644 and projected surplus of £45,981 for 2015/16.
- 1.3 Appendix 2 provides the balance sheet value to 31 March 2015. This shows increase in Reserves of £343,152, due to the revaluation of properties and the unrealised gain of the Newton Fund investment.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing actual income and expenditure and effect of revaluation.
- 1.5 Appendix 4 shows the value of the Newton Fund to 31 March 2015.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Sub Committee:**
 - (a) Notes actual income and expenditure position for 2014/15 in Appendix 1.**
 - (b) Agrees the proposed out-turn in Appendix 1 as the budget for 2015/16.**
 - (c) Notes the final balance sheet value to 31 March 2015 in Appendix 2.**
 - (d) Notes the summary of the property portfolio in Appendix 3.**
 - (e) Notes the current position of the investment in the Newton Fund in Appendix 4.**

3 BACKGROUND

3.1 This report provides the Committee with financial information for the period to 31 March 2015 and proposed budgets for 2015/16. The report also contains a projected balance for the Common Good Fund to 31 March 2016.

4 FINANCIAL POSITION 2014/15

4.1 Appendix 1 provides detail on income and expenditure for the 2014/15 financial year.

4.2 **Income & Expenditure – Rental Income**

Rental income for 2014/15 is shown on Appendices 1 & 3, with Appendix 3 detailing the annual rental income by individual property.

4.3 **Income & Expenditure – Non-Property Related Income**

The final out-turn includes the interest received on cash deposited with the Council. The annual rate of interest applied to the cash deposits is 0.4%.

4.4 The capital reserve is invested in the Newton Fund and distributions are made twice a year in September and February. Dividends of £5,197 were received in total to 31 March 2015. This gives a dividend return of 2.61% for the year. The proposed 2015/16 estimate for dividends is calculated at 2.5% of the Market Value at 31 March 2015.

4.5 Income of £50,000 expected from a new Option Agreement with Airvolution for a lease over a small part of Lauder Common.

4.6 **Income & Expenditure – Property Expenditure**

The final out-turn shows a variance of £1,376

4.7 **Income & Expenditure – Grants & Other Donations**

The grants and other donations distributed to 31 March 2015 are shown below. There is currently an outstanding commitment of £1,459.

Grant Recipients	Approved	£
New Flower Boxes	19/6/14	480
Grant to Lauderdale Library – Elec & Ins	24/2/15	1,000
Total Paid to 31 March 2015		1,480
2014/15 Budget		5,000
Variance		3,520
Approved not yet paid		
Community Council (2 nd instalment) – Footpath	Feb 2013	1,459

4.8 **Income & Expenditure – Depreciation Charge**

The final out-turn shows an increase of £2,265. This is due to the revaluation of the properties at 1 April 2014. This is not a cash transaction.

4.9 Appendix 2 provides the balance sheet value to 31 March 2015 and the projected balance at 31 March 2016.

4.10 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 2014 resulting in an increase of £348,192. Appendix 3 shows the difference in value from 31 March 2014 and 1 April 2014 for the individual properties.

4.11 Balance Sheet – Newton Investment

The final out-turn shows a market value of £210,914, including an unrealised gain of £10,914 through capital appreciation. Appendix 4 shows the performance of the fund since inception.

4.12 Balance Sheet – Lauder Golf Club Loan

David Dickson, Honorary Treasurer of the Golf Club made a request to make additional lump sum payments towards the Golf Club Loan along with a request that the remainder of the Loan would not be subject to interest. The Trustees have decided to allow this waiving approx. £1,619 in interest charges. The projected balance sheet value at 31 March 2016 includes a lump sum payment of £2,867 and £2,678 annual loan repayment.

4.13 Balance Sheet – Cash Balance

The cash held by the fund at 31 March 2015 is £7,193, an in year net reduction of £2,292. The actual cash movement for 2014/15 is as follows:

Cash Balance at 31 March 2015	£
Opening Balance at 1 April 2014	9,485
Repayment of Principal (Long Term Debtors)	
Lauder Golf Club	2,320
Transfer to Newton Fund	(5,000)
Deficit for year from Income & Expenditure Statement	(644)
Net cash movement in Debtors/Creditors	1,032
Closing Balance at 31 March 2015	7,193

4.14 Balance Sheet – Capital Reserve

The Capital Reserves include the unrealised profits for the Newton Fund as at 31 March 2015.

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 Newton 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 Equalities

It is anticipated that there are no adverse equality implications arising from the proposals contained in this report.

5.4 Acting Sustainably

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 Carbon Management

There are no effects on carbon emissions 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 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 Monitoring Officer, the Chief Legal Officer, the Service Director Strategy and Policy, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted and their appropriate comments have been incorporated into this report.

Approved by

David Robertson
Chief Financial Officer

Signature

Author(s)

Kirsty Robb	Capital and Investments Manager Tel: 01835 82549
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Background Papers:
Previous Minute Reference:

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.
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LAUDER COMMON GOOD FUND

INCOME AND EXPENDITURE 2014/15

	Actuals to 31/03/15	Approved 2014/15 Budget	Over/ (Under) Spend	Proposed 2015/16 Budget	Para Ref	Commentary
	£	£	£	£		
Property Income						
Rentals Receivable	(9,862)	(9,905)	43	(9,862)		
Non-Property Related Income						
Interest on Lauder Golf Club Loan	(548)	(548)	0	0		-
Interest on Cash deposited with Council	(44)	(152)	108	(50)		Calculated at 0.4%
Newton Fund Investment – Dividends Rec'd	(5,197)	(4,400)	(797)	(5,300)	4.4	-
Other Income	(40)	0	(40)	(50,000)	4.5	Muircleugh W'Farm Agrmnt
Total Income	(15,691)	(15,005)	(686)	(65,212)		
Property Expenditure						
Property Costs – General	10,624	12,000	(1,376)	10,000	4.6	
Total Property Expenditure	10,624	12,000	(1,376)	10,000		
Grants & Other Donations	1,480	5,000	(3,520)	5,000	4.7	£1,459 Approved not yet paid
Running Costs						
Central Support Service Charge	9,762	9,762	0	9,762		
SBC Grant towards Service Charge	(5,531)	(5,531)	0	(5,531)		
Net Running Costs	4,231	4,231	0	4,231		
Depreciation						
Depreciation Charge	11,493	9,228	2,265	11,493		Actual based on revalued
Contribution from Revaluation Reserve	(11,493)	(9,228)	(2,265)	(11,493)		Valuation
Net impact of Depreciation on Revenue Reserve	0	0	0	0		
Total Net (Surplus)/Deficit for year	644	6,226	5,582	(45,981)		

LAUDER COMMON GOOD FUND

BALANCE SHEET VALUE AS AT 31 MARCH 2015

	Opening Balance at 31/03/14 £	Movement £	Closing Balance at 31/03/15 £	Projected Balance at 31/03/16 £
Fixed Assets				
Land & Buildings ¹	690,908	336,699	1,027,607	1,016,114
Heritable Assets	0	0	0	0
Total Fixed Assets	690,908	336,699	1,027,607	1,016,114
Capital in Newton Investment Fund				
Investment in Newton Fund	195,000	5,000	200,000	200,000
Unrealised Gains/(Loss)	3,817	7,097	10,914	10,914
Market Value²	198,817	12,097	210,914	210,914
Long Term Debtors				
Loan to Lauder Golf Club	21,256	(2,320)	18,936	13,391
Current Assets				
Debtors	0	6,400	6,400	6,400
Cash deposited with SBC	9,485	(2,292)	7,193	58,719
	9,485	4,108	13,593	65,119
Current Liabilities				
Creditors	(22)	(1,039)	(1,060)	(1,060)
Receipts in Advance	5,646	(6,393)	(747)	(747)
	5,624	(7,431)	(1,807)	(1,807)
Net Assets	926,091	343,152	1,269,243	1,303,731
Funded by:				
Reserves				
Revenue Reserve ³	(31,366)	644	(30,722)	(76,703)
Capital Reserve ³	(205,467)	(7,097)	(212,564)	(212,564)
Revaluation Reserve	(689,258)	(336,699)	(1,025,957)	(1,014,464)
Total Reserves	(926,091)	(343,152)	(1,269,243)	(1,303,731)

¹ Book Value of Land & Buildings as at 31 March 2014 broken down on Appendix 3

² The Dividend Income on the Newton Fund is reflected in the Income and Expenditure Statement on Appendix 1

³ Opening Capital and Revenue Reserve Balances have been aligned to net asset values

LAUDER COMMON GOOD FUND

PROPERTY PORTFOLIO PERFORMANCE FOR 2014/15
(Actual Income and Expenditure to 31 March 2015)

Fixed Assets	Book Value at 31/03/14 Pre- revaluation £	Book Value at 01/04/14 Post- revaluation £	Diff in Value Incr/ (Decr) £	Actual Rental Income 2014/15 £	Actual Property Expenditure 2014/15				
					Repairs £	Rates, Water & Power £	Ins £	Other £	Total £
Lauder Town Hall	84,500	72,000	(12,500)	-	700	1,503	101	178	2,482
Mid Row Lauder	2,933	29,500	26,567	-	-	-	-	-	-
Lauder Golf Course	58,500	72,500	14,000	-	-	-	-	-	-
Lauder Common Farm	508,625	805,000	296,375	7,800	6,806	-	-	373	7,179
Lauder Common Shootings	10,500	12,000	1,500	1,025	-	-	-	-	-
Lauder Common Plantations	3,850	5,000	1,150	-	-	-	-	-	-
Old Castleriggs Recreation Room	-	-	-	-	-	-	-	-	-
Old Castleriggs Grazing	4,000	7,000	3,000	172	-	-	-	-	-
Raith's & Chester's Acres	8,000	12,000	4,000	235	-	-	-	-	-
Old Refuse Tip Grazings 1 & 2	-	3,000	3,000	420	-	-	-	-	-
Calfward Park Grazings	3,400	6,500	3,100	210	-	-	-	-	-
Burnmill Area	-	-	-	-	-	-	-	-	-
Old Cemetery	-	-	-	-	-	-	-	-	-
War Memorial	-	-	-	-	-	-	-	-	-
The Avenue Toilet – Land Only	600	600	0	-	-	-	-	-	-
Public Hall – Land Only	6,000	11,500	5,500	-	-	-	-	-	-
Pavilion Site	-	2,500	2,500	-	-	-	-	-	-
Property Expenditure (Summary)	-	-	-	-	360	-	603	-	-
Total	690,908	1,039,100	348,192	9,862	7,866	1,503	704	551	10,624

LAUDER COMMON GOOD FUND

INVESTMENTS EXTERNALLY MANAGED IN NEWTON REAL RETURN FUND

Cost of Investment	£
13 December 2013	195,000
5 March 2014	5,000
Total Invested to 31 March 2015	200,000

Value of Investment	£
31 March 2014	198,817
30 June 2014	201,185
30 September 2014	197,889
31 December 2014	199,307
31 March 2015	210,914
Increase/(Decrease) from Total Cash Invested	10,914

Dividends totalling £5,197 have been received during 2014/15 and have been used to fund in year expenditure for 2014/15.

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