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## LAUDER COMMON GOOD FUND SUB-COMMITTEE WEDNESDAY, 30 SEPTEMBER, 2015

A MEETING of the LAUDER COMMON GOOD FUND SUB-COMMITTEE will be held in the THE LEADER'S OFFICE, COUNCIL HEADQUARTERS, NEWTOWN ST BOSWELLS on WEDNESDAY, 30 SEPTEMBER, 2015 at 2.00 PM

J. J. WILKINSON,  
Clerk to the Council,

23 September 2015

<b>BUSINESS</b>		
1.	<b>Apologies for Absence.</b>	
2.	<b>Order of Business.</b>	
3.	<b>Declarations of Interest.</b>	
4.	<b>Minute.</b> (Pages 1 - 2)  Minute of Meeting held on 16 June 2015. (Copy attached.)	2 mins
5.	<b>Financial Monitoring Report for Three Months up to 30 June 2015</b> (Pages 3 - 12)  Consider report by the Chief Financial Officer. (Copy attached.)	10 mins
6.	<b>Any Other Items Previously Circulated.</b>	
7.	<b>Any Other Items which the Chairman Decides are Urgent.</b>	
8.	<b>Items Likely To Be Taken in Private</b>  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 the relevant paragraphs of Part 1 of Schedule 7A to the aforementioned Act."	
9.	<b>Minute</b> (Pages 13 - 14)  Private Section of the Minute of 16 June 2015 to be noted and signed by the	2 mins

	Chairman. (Copy attached).	
10.	<b>Rent Review - Lauderhill Farm, Lauder</b>	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.**

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

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**SCOTTISH BORDERS COUNCIL  
LAUDER COMMON GOOD FUND SUB-COMMITTEE**

MINUTES of Meeting of the LAUDER  
COMMON GOOD FUND SUB-COMMITTEE  
held in The Leader's Office, Council  
Headquarters, Newtown St Boswells on  
Tuesday, 16th June, 2015 at 2.00 pm

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Present:- Councillors J Torrance, I Gillespie.  
Community Councillor A Smith.

Apologies:- Councillors D Parker

In Attendance:- Solicitor (H MacLeod), Capital and Investment Manager (K Robb), Estates  
Surveyor (J Morison), Democratic Services Officer (P Bolson).

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1. **CHAIRMAN**

In Councillor Parker's absence, Councillor Torrance chaired the meeting.

2. **MINUTE**

There had been circulated copies of the Minute of 30 April 2015.

**DECISION**

**NOTED for signature by the Chairman.**

3. **MATTERS ARISING**

**Lauder Golf Course**

Mrs Robb confirmed that the loan to Lauder Golf Course had been reprofiled and that arrangements were now in place for the early repayment of the loan with an agreement that the remainder of the loan would be repaid at 0% interest.

**DECISION**

**NOTED.**

**Lauder Town Hall**

Progress had been made on the redecoration and flooring at Lauder Town Hall and the work was now in its final stages, the expectation being that it would be completed in advance of Lauder Common Riding.

**DECISION**

**NOTED.**

4. **MONITORING REPORT FOR 12 MONTHS TO 31 MARCH 2015**

There had been circulated copies of a report by the Chief Financial Officer detailing 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 the proposed budget for 2015/16. Appendix 1 to the report detailed the income and expenditure during 2014/15 and Mrs Robb explained that this showed a deficit of £644 with a projected balance of £45,981 for 2015/16. Appendix 2 contained the balance sheet value to 31 March 2015 and this showed an increase in reserves of £343,152. Mrs Robb explained that this increase was due, in the main, to the revaluation of properties and the unrealised gain of the Newton Fund investment. The Property Portfolio performance was detailed in Appendix 3 and listed the actual income and expenditure as well as the effect of revaluation. Appendix 4 listed the Newton Fund investment and this showed a balance of £210,914 at year end, an increase of £10,914 from the initial cash investment. Discussion followed and Members asked for clarification on a number of points. Members were advised that, in

terms of the Property Portfolio, buildings depreciated in value but land did not. The entry for Lauder Common Plantations referred to four areas of woodland on Lauder Common. Further information would be presented to Members in relation to the current use of these plantations which were originally to for Millennium planting. With regard to the Newtown Fund investment, Members wished to know how straightforward the process was for disinvesting in the Fund. Mrs Robb confirmed that disinvestment could take place at any time and that she would investigate and provide further information on the process to the Members in due course. She also intimated that a visit to Council by Newtown Fund managers was being considered for later in the year and that this would be an ideal opportunity for Members to raise further questions. Members also agreed that income from Airvolution Energy relating to the new Option Agreement for the proposed Muircleugh Wind Farm would be invested directly into the Newton Fund. In relation to Grants and Other Donations, Mrs Robb advised that the proposed budget for 2015/16 was £5,000 as opposed to £6,000 in 2014/15 but explained that this amount could be amended if required at any time via the budget monitoring process. Mr Morison confirmed that following the recent improvements made to Lauder Common Farm, it was anticipated that a rent review would be considered in due course.

## **DECISION**

**(a) NOTED the report and detail in Appendices 2 to 5.**

**(b) AGREED:-**

**(i) the proposed out-turn in Appendix 1 as the budget for 2015/16; and**

**(ii) that income from Airvolution Energy relating to the new Option Agreement for the proposed Muircleugh Wind Farm be invested directly into the Newton Fund.**

## **5. PRIVATE BUSINESS**

### **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**

**1. Minute**

The Sub-Committee noted the Private Minute of the meeting of 30 April 2015.

**2. Access Rights to Muircleugh Wind Farm, Lauder**

The Sub-Committee considered a verbal update by Legal Services on Access Rights to Muircleugh Wind Farm, Lauder.

*The meeting concluded at 2.35 pm*

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## **Monitoring Report for 3 Months to 30 June 2015**

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### **Report by the Chief Financial Officer**

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### **Lauder Common Good Sub Committee**

**30 September 2015**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 This report provides the details of the income and expenditure for the Lauder Common Good Fund for the 3 months to 30 June 2015 and full year projected out-turn for 2015/16 and projected balance sheet values to 31 March 2016.**
- 1.2 Appendix 1 provides a projected Income and Expenditure position. This shows a projected surplus of £46,024 for the year.
- 1.3 Appendix 2 provides a projected Balance Sheet to 31 March 2016. It shows a projected increase in the reserves of £34,531.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing actual Income and Expenditure to 30 June 2015.
- 1.5 Appendix 4 shows the value of the Newton Fund to 30 June 2015.

#### **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Common Good Sub Committee:**
  - (a) Agrees the projected Income and Expenditure for 2015/16 in Appendix 1.**
  - (b) Notes the projected Balance Sheet value to 31 March 2016 in Appendix 2.**
  - (c) Notes the summary of the property portfolio in Appendix 3.**
  - (d) 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 30 June 2015 and projections to 31 March 2016. The report also contains a projected balance sheet 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 2015/16 financial year. The projected net position for the year is a surplus of £46,024, assuming full expenditure of the grants and donations budget of which £5,000 remains to be allocated.

#### 4.2 **Income & Expenditure – Rental Income**

Rental income for 2015/16 is shown on Appendices 1 & 3, with Appendix 3 detailing the projected annual rental income by individual property.

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

The projected out-turn includes an estimate for the interest receivable on cash deposited with the Council. This, however, does not show as an actual income until the end of the financial year as amount is dependent on interest rates and the average cash revenue balance invested with the Council over the full financial year. The annual rate of interest applied to the cash deposits is expected to be around 0.4%.

4.4 The capital reserve is invested in the Newton Fund and distributions are made twice a year in September and February. The proposed budget for 2015/16 is based on a distribution of 2.5% which will be subject to the overall performance of the fund.

4.5 Income of £50,000 has been received for a new Option Agreement with Airvolution for a lease over a small part of Lauder Common. This was received 28 August 2015 and is therefore not included in the actuals in Appendix 1.

#### 4.6 **Income & Expenditure – Property Expenditure**

The property expenditure to 30 June 2015 is detailed in Appendix 3 by property.

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

The grants and other donations distributed and committed to 30 June 2015 are shown below. There are currently no commitments.

<b>Grant Recipients</b>	<b>Approved</b>	<b>£</b>
<b>Approved and Paid to 30 June 2015</b>		
-		0
<b>Total Paid to 30 June 2015</b>		<b>0</b>
<b>2015/16 Budget</b>		<b>5,000</b>
<b>Budget Remaining</b>		<b>5,000</b>
<b>Approved but not yet paid</b>		
-		0
<b>Total Approved but not yet paid</b>		<b>0</b>
<b>Unallocated Budget Remaining</b>		<b>5,000</b>

#### 4.8 **Income & Expenditure – Depreciation Charge**

The depreciation charge is projected to be £11,493 based on 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, the projected movement in year and a 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. Appendix 3 shows the values of the individual properties at 31 March 2015, projected depreciation charges 2015/16 and projected value at 31 March 2016.

#### 4.11 **Balance Sheet – Lauder Golf Club Loan**

Consent was granted at the Sub-Committee's meeting on 30 April 2015 to pay an additional lump sum towards the existing loan with no interest payable against this lump sum and that the remainder of the loan be repayable on an interest-free basis for the rest of the life of the loan.

#### 4.12 **Balance Sheet – Newton Investment**

- a) With the current uncertainties in financial markets worldwide caused by the Greek debt crises, speculation over possible interest rate rises in the US and the downturn in the growth rate of the Chinese economy, Global markets have proven to be very volatile in the second quarter of 2015.
- b) This has resulted in a downturn across financial markets, which has averaged 5%. Against this background, information from Newton shows an overall performance reduction of 2.76% indicating a reduction in assets value but a lower level of relative performance reduction compared to the wider market over the quarter. The Newton Fund due to its remit of "capital preservation" has therefore been impacted by market fluctuations to a lesser extent than other funds. It should again be noted that these investments are long term investments and individual quartile performance should not be taken in isolation but must be viewed over the longer term. Newton's have action plans in place and as at the end July recovered 0.8% of the second quarter reduction. They believe the overall objective of the fund to return LIBOR+4% over a 5 year average is still achievable and there is no reason to change the strategy adopted at this point.
- c) The projections include an unrealised profit of £4,921 for the Newton Fund Investment as at 30 June 2015. Appendix 4 shows the performance of the fund since inception.

#### 4.13 **Balance Sheet – Cash Balance**

The cash held by the fund is projected to be £58,762 an in year projected increase of £51,569 due mainly to the income for Muircleugh. The projected cash movement for 2015/16 is as follows:

<b>Cash Balance at 30 June 2015</b>	<b>£</b>
<b>Opening Balance at 1 April 2015</b>	<b>7,193</b>
<b><i>Repayment of Principal (Long Term Debtors)</i></b> Lauder Golf Club	5,545
Projected Surplus for year from Income & Expenditure Statement	46,024
<b>Closing Balance at 31 March 2015</b>	<b>58,762</b>

#### 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 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 825249
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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,  
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## LAUDER COMMON GOOD FUND

## INCOME AND EXPENDITURE 2015/16

	Actuals at 30/06/15	Full Year Approved Budget 2015/16	Full Year Projected Out-turn	Full Year Projected Over/ (Under) Spend	Para Ref	Commentary
	£	£	£	£		
<b>Property Income</b>						
Rentals Receivable	(2,147)	(9,862)	(9,905)	(43)		
<b>Non-Property Related Income</b>				0		
Interest on Cash deposited with Council	0	(50)	(50)	0	4.3	Calculated at 0.4%
Newton Fund Investment – Dividends Rec'd	0	(5,300)	(5,300)	0	4.4	Calculated at 2.5%
Other Income	0	(50,000)	(50,000)		4.5	Muircleugh W'Farm Agrmnt
<b>Total Income</b>	<b>(2,147)</b>	<b>(65,212)</b>	<b>(65,205)</b>	<b>(43)</b>		
<b>Property Expenditure</b>						
Property Costs – General	1,499	10,000	10,000	0		
<b>Total Property Expenditure</b>	<b>1,499</b>	<b>10,000</b>	<b>10,000</b>	<b>0</b>		
<b>Grants &amp; Other Donations</b>	<b>0</b>	<b>5,000</b>	<b>5,000</b>	<b>0</b>	4.7	
<b>Running Costs</b>						
Central Support Service Charge	0	9,762	9,762	0		
SBC Grant towards Service Charge	0	(5,531)	(5,531)	0		
<b>Net Running Costs</b>	<b>0</b>	<b>4,231</b>	<b>4,231</b>	<b>0</b>		
<b>Depreciation</b>						
Depreciation Charge	0	11,493	11,493	0		
Contribution from Revaluation Reserve	0	(11,493)	(11,493)	0		
<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>0</b>	<b>(45,981)</b>	<b>(46,024)</b>	<b>(43)</b>		

## LAUDER COMMON GOOD FUND

## PROJECTED BALANCE SHEET VALUE AS AT 31 MARCH 2016

	Opening Balance at 01/04/15 £	Movement  £	Projected Balance at 31/03/16 £
<b>Fixed Assets</b>			
Land & Buildings	1,027,607	(11,493)	1,016,114
Heritable Assets	0	0	0
<b>Total Fixed Assets</b>	<b>1,027,607</b>	<b>(11,493)</b>	<b>1,016,114</b>
<b>Capital in Newton Investment Fund</b>			
Investment in Newton Fund	200,000	0	200,000
Unrealised Gains/(Loss)	10,914	0	10,914
<b>Market Value</b>	<b>210,914</b>	<b>0</b>	<b>210,914</b>
<b>Long Term Debtors</b>			
Loan to Lauder Golf Club	<b>18,936</b>	<b>(5,545)</b>	<b>13,391</b>
<b>Current Assets</b>			
Debtors	6,400	0	6,400
Cash deposited with SBC	7,193	51,569	58,762
	<b>13,593</b>	<b>51,569</b>	<b>65,162</b>
<b>Current Liabilities</b>			
Creditors	(1,060)	0	(1,060)
Receipts in Advance	(747)	0	(747)
	<b>(1,807)</b>	<b>0</b>	<b>(1,807)</b>
<b>Net Assets</b>	<b>1,269,243</b>	<b>34,531</b>	<b>1,303,774</b>
<b>Funded by:</b>			
<b>Reserves</b>			
Revenue Reserve	(25,722)	(46,024)	(71,746)
Capital Reserve	(217,564)	0	(217,564)
Revaluation Reserve	(1,025,957)	11,493	(1,014,464)
<b>Total Reserves</b>	<b>(1,269,243)</b>	<b>(34,531)</b>	<b>(1,303,774)</b>

## LAUDER COMMON GOOD FUND

**PROPERTY PORTFOLIO PERFORMANCE FOR 2015/16**  
**(Actual Income and Expenditure to 30 June 2015)**

Fixed Assets	Net Book Value at 31/03/15	Projected Depn Charge 2015/16	Projected Net Book Value at 31/03/16	Projected Rental Income 2015/16	Actual Property Expenditure at 30/06/15				
					Repairs	Rates, Water & Power	Ins	Other	Total
	£	£	£	£	£	£	£	£	£
Lauder Cemetery	0	0	0	0	0	0	0	0	0
Croft Road Play Area (East Side)	0	0	0	0	0	0	0	0	0
Lauder War Memorial	0	0	0	0	0	0	0	0	0
Old Castleriggs Grazings	7,000	0	7,000	150	0	0	0	0	0
Raiths Acre & Chesters Acre	12,000	0	12,000	235	0	0	0	0	0
Lauder Golf Course	72,500	0	72,500	0	0	0	0	0	0
Lauder Town Hall	65,110	6,890	58,220	0	0	665	104	0	768
Lauder Common Farm	803,057	1,943	801,114	7800	0	0	730	0	730
Lauder Common Farm Shootings	12,000	0	12,000	1200	0	0	0	0	0
Lauder Common Plantations	5,000	0	5,000	0	0	0	0	0	0
Land Refuse Tip (1) Grazings	1,500	0	1,500	100	0	0	0	0	0
Land Refuse Tip (2) Grazings	1,500	0	1,500	210	0	0	0	0	0
Calfward park Grazings	6,500	0	6,500	210	0	0	0	0	0
Burnmill Woodland	0	0	0	0	0	0	0	0	0
Lauder Library (Old Jail)	26,840	2,660	24,180	0	0	0	0	0	0
Old Castleriggs Recreation Grnd	0	0	0	0	0	0	0	0	0
Land at Lauder Village Hall	11,500	0	11,500	0	0	0	0	0	0
Land at Lauder Public Toilets	600	0	600	0	0	0	0	0	0
Pavilion Site	2,500	0	2,500	0	0	0	0	0	0
Lauder Play Park	0	0	0	0	0	0	0	0	0
Lauder Recreation Park	0	0	0	0	0	0	0	0	0
Property Expenditure (Summary)	-	-	-	-	0	0	0	0	0
<b>Total</b>	<b>1,027,607</b>	<b>11,493</b>	<b>1,016,114</b>	<b>9,905</b>	<b>0</b>	<b>665</b>	<b>834</b>	<b>0</b>	<b>1,499</b>

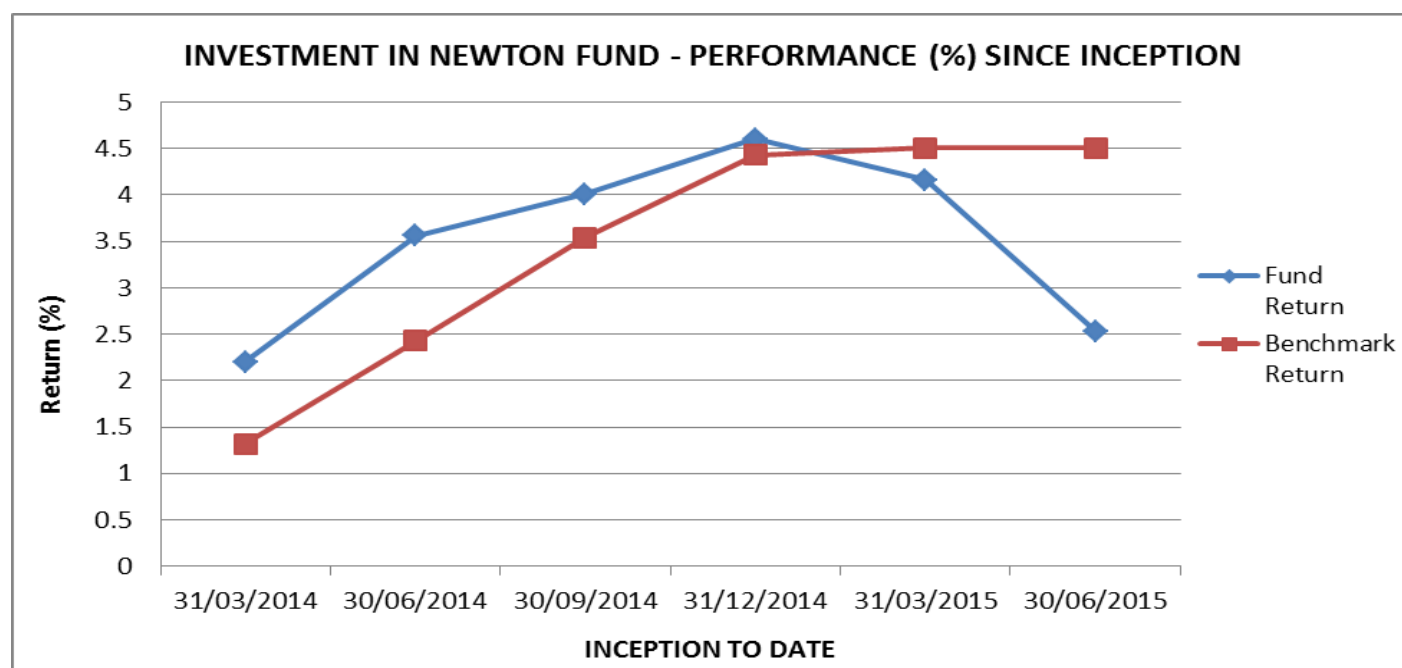
## LAUDER COMMON GOOD FUND

## INVESTMENTS EXTERNALLY MANAGED IN NEWTON REAL RETURN FUND

Cost of Investment	Units	£
13 December 2013	104,295	195,000
5 March 2014	2,530	5,000
<b>Total Invested to 30 June 2015</b>	<b>106,825</b>	<b>200,000</b>

Value of Investment	£
31 March 2015	210,914
30 June 2015	204,921
30 September 2015	
31 December 2015	
31 March 2016	
<b>Projected Increase/(Decrease) from Total Cash Invested</b>	<b>4,921</b>

Dividends are due to be paid out in September 2015 & February 2016.



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