
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:

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Contact us at Corporate Finance, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA.

Tel: 01835 824000

Fax: 01835 825166

Email: treasuryteam@scotborders.gov.uk

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.