

---

## **Monitoring Report for 9 Months to 31 December 2018**

**Report by the Chief Financial Officer**

---

### **LAUDER COMMON GOOD SUB-COMMITTEE**

**19 February 2019**

---

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

- 1.1 This report provides the details of the income and expenditure for the Lauder Common Good Fund for the nine months to 31 December 2018 and full year projected out-turn for 2018/19 and projected balance sheet values as at 31 March 2019.**
- 1.2 Appendix 1 provides a projected income and expenditure position. This shows a projected deficit of £1,751 for the year, which is £5,400 more than the full year approved budget.
- 1.3 Appendix 2 provides a projected balance sheet as at 31 March 2019. It shows a projected decrease in the reserves of £13,244.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing projected rental income for 2018/19 and actual property expenditure to 31 December 2018.
- 1.5 Appendix 4 shows the value of the Kames Capital Investment Fund to 31 December 2018.

#### **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Lauder Common Good Sub-Committee:**
  - (a) Agrees the projected income and expenditure for 2018/19 in Appendix 1 as the revised budget for 2018/19;**
  - (b) Notes the projected balance sheet value as at 31 March 2019 in Appendix 2;**
  - (c) Notes the summary of the property portfolio in Appendix 3; and**
  - (d) Notes the current position of the investment in the Kames Capital Investment Fund in Appendix 4.**

### 3 BACKGROUND

3.1 This report provides the Committee with financial information for the period to 31 December 2018 and projections to 31 March 2019. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2019.

### 4 FINANCIAL POSITION 2018/19

4.1 Appendix 1 provides details on income and expenditure for the 2018/19 financial year. The projected net position for the year is a deficit of £1,751.

#### 4.2 Income & Expenditure – Rental Income

Rental income for 2018/19 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 outturn position shows an amount of £67 relating to interest receivable on cash held by SBC. Also included are dividends from the Common Good Funds investment in Kames Capital Investment Fund amounting to £12,429. Dividends earned to date amount to £10,272 which is in line with the overall 5% target and the monthly distribution profile projections provided by Kames.

#### 4.4 Income & Expenditure – Property Expenditure

(a) The property expenditure to 31 December 2018 is detailed in Appendix 3 by property.

(b) The approved Budget for 2018/19 is shown in Appendix 1.

#### 4.5 Income & Expenditure – Grants & Other Donations

The grants and other donations distributed and committed to 31 December 2018 are shown below. To allow for the possibility of other grant applicants during the year it is proposed to increase the budget to £8,000.

<b>Grant Recipients</b>	<b>Approved</b>	<b>£</b>
<b>Approved and Paid to 31 December 2018</b>		
Lauderdale Community Shed	29/06/2018	810
Lauderdale Library	18/09/2018	746
<b>Total Paid to 31 December 2018</b>		<b>1,556</b>
<b>Approved but not yet paid</b>		
Lauder Community Leisure Centre – approved subject to lease agreement	13/12/2018	<b>5,935</b>
<b>Approved Budget 2018/19</b>		<b>2,600</b>
<b>Unallocated/(Overallocated) Budget</b>		<b>(4,891)</b>

#### 4.6 Income & Expenditure – Depreciation Charge

The depreciation charge is projected to be £11,493. 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.

4.7 Appendix 2 provides the balance sheet value as at 31 December 2018, the projected movement in year and a projected balance at 31 March 2019.

#### 4.8 **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 2017, projected depreciation charges 2018/19 and projected value at 31 March 2019.

#### 4.9 **Balance Sheet – Investment Fund**

The fund has a 2.30% 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 2.05% for the year.

#### 4.10 **Balance Sheet – Long Term Debtors**

Long Term Debtors are projected to reduce by £2,904 due to the next instalment of the loan to Lauder Golf Club. The balance of the loan will be fully repaid during 2019/20.

#### 4.11 **Balance Sheet – Cash Balance**

The cash held by the fund is projected to be £30,293 at 31 March 2019 and is detailed below:

Cash Balance	£
<b>Opening Balance at 1 April 2018</b>	<b>29,140</b>
<b><i>Repayment of Principal (Long Term Debtors)</i></b>	
Lauder Golf Club Loan	2,904
Projected Surplus/(Deficit) for year from Income & Expenditure Statement	(1,751)
Net movement in debtors / creditors	0
<b>Closing Balance at 31 March 2019</b>	<b>30,293</b>

#### 4.12 **Balance Sheet – Capital Reserve**

The projections for the Capital Reserves include the unrealised gain for the Kames Fund as at 31 March 2018 but due to the nature of the markets no estimate has been made for the current 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 Kames 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 Chief Officer Audit and Risk, Service Director 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 Judith Whellans	Pension and Investments Manager Tel: 01835 825249 Finance Technician – Treasury & Investments Tel: 01835 824000 Extn 5901
--------------------------------	---

**Background Papers:**

**Previous Minute Reference:** Lauder Common Good Committee 13 December 2018

**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 & Investment Team, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA.  
Tel: 01835 824000  
Fax: 01835 825166  
Email: t&cteam@scotborders.gov.uk

## LAUDER COMMON GOOD FUND

## INCOME AND EXPENDITURE 2018/19

	Actuals at 31/12/18	Full Year Approved Budget 2018/19	Full Year projected Out-turn 2018/19	Full Year Projected Over/ (Under) Spend £	Para Ref	Commentary
	£	£	£	£		
<b>Property Income</b>						
Rentals Receivable	(10,235)	(11,015)	(11,015)		4.2	
<b>Non-Property Related Income</b>						
Interest on Cash deposited with Council		(67)	(67)		4.3	
Investment Fund Dividends	(10,272)	(12,429)	(12,429)		4.3	
<b>Total Income</b>	<b>(20,507)</b>	<b>(23,511)</b>	<b>(23,511)</b>			
<b>Property Costs – General</b>	<b>4,666</b>	<b>7,500</b>	<b>7,500</b>		4.4	
<b>Grants &amp; Other Donations</b>	<b>1,556</b>	<b>2,600</b>	<b>8,000</b>	<b>5,400</b>	4.5	
<b>Central Support Service Charge</b>	<b>0</b>	<b>9,762</b>	<b>9,762</b>			
<b>Depreciation</b>						
Depreciation Charge	0	11,493	11,493		4.6	
Contribution from Revaluation Reserve	0	(11,493)	(11,493)			
<b>Net impact of Depreciation on Revenue Reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>			
<b>Total Net (Surplus)/Deficit for year</b>	<b>(14,285)</b>	<b>(3,649)</b>	<b>1,751</b>	<b>5,400</b>		

## LAUDER COMMON GOOD FUND

## BALANCE SHEET VALUE AS AT 31 December 2018

	Opening Balance at 01/04/18	Projected Mov ement in Year	Projected Balances at 31/03/19
	£	£	£
<b>Fixed Assets</b>			
Land & Buildings	993,128	(11,493)	981,635
Heritable Assets	0	0	0
<b>Total Fixed Assets</b>	<b>993,128,</b>	<b>(11,493)</b>	<b>981,635</b>
<b>Capital in Investment Funds</b>			
Investment in Kames Fund	248,571	0	248,571
Unrealised Gains/(Loss)	(804)	0	(804)
<b>Market Value</b>	<b>247,767</b>	<b>0</b>	<b>247,767</b>
<b>Long Term Debtors</b>			
Loan to Lauder Golf Club	<b>5,809</b>	<b>(2,904)</b>	<b>2,905</b>
<b>Current Assets</b>			
Debtors	7,530	0	7,530
Cash deposited with SBC	29,140	1,153	30,293
	<b>36,670</b>	<b>1,153</b>	<b>37,823</b>
<b>Current Liabilities</b>			
Creditors	(2,700)	0	(2,700)
Receipts in Advance	(981)	0	(981)
	<b>(3,681)</b>	<b>0</b>	<b>(3,681)</b>
<b>Net Assets</b>	<b>1,279,694</b>	<b>(13,244)</b>	<b>1,266,449</b>
<b>Funded by:</b>			
<b>Reserves</b>			
Revenue Reserve	(32,368)	1,751	(30,617)
Capital Reserve	(255,846)	0	(255,846)
Revaluation Reserve	(991,479)	11,493	(979,986)
<b>Total Reserves</b>	<b>(1,279,694)</b>	<b>13,244</b>	<b>(1,266,449)</b>

## LAUDER COMMON GOOD FUND

**PROPERTY PORTFOLIO PERFORMANCE FOR 2018/19**  
**(Actual Income and Expenditure to 31 December 2018)**

Fixed Assets – Land & Buildings	Net Book Value at 31/03/18	Depn Charge 2018/19	Net Book Value at 31/03/19	Rental Income 2018/19	Actual Property Expenditure at 31/12/18				
					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	390	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	44,440	6,890	37,550	0	0	1,166	0	0	1,166
Lauder Common Farm	797,228	1,943	795,285	8,800	2,672	0	0	0	2,672
Lauder Common Farm Shootings	12,000	0	12,000	1,200	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	0	0	0	0	0	0
Land Refuse Tip (2) Grazings	1,500	0	1,500	0	0	0	0	0	0
Calfward Park Grazings	6,500	0	6,500	390	0	0	0	0	0
Burnmill Woodland	0	0	0	0	0	0	0	0	0
Lauder Library (Old Jail)	18,860	2,660	16,200	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)	-	-	-	-		828	0	0	828
<b>Total</b>	<b>993,128</b>	<b>11,493</b>	<b>981,635</b>	<b>11,015</b>	<b>2,672</b>	<b>1,994</b>	<b>0</b>	<b>0</b>	<b>4,666</b>

**Fixed Assets –  
Moveable Assets**

Charter  
Snuff Mull  
Certificate of Matriculation, Royal Burgh of Lauder 1938  
Burgess Roll (2)  
Map of Burges Acres, Royal Burgh of Lauder 1803  
Set of Imperial Weight and Measures  
Brass Yard Stick 1824  
Burgh of Lauder Seal  
Provosts Chain  
Provosts Robes  
Silver Punch Ladle o/w Toddy Ladle 1831



## LAUDER COMMON GOOD FUND

## INVESTMENTS EXTERNALLY MANAGED

<b>Cost of Investment</b>	<b>Units</b>	<b>£</b>
Initial Investment - 13 December 2013	104,295	195,000
Further 2013-14 Investments	2,530	5,000
Further 2015-16 Investments	21,041	40,000
Further 2016-17 Investments	5,290	10,000
Newton Fund Disinvestment (February 2018)	131,181	(250,000)
Kames Capital Investment (February 2018)	229,584	248,572
<b>Total Invested to 31 March 2019</b>	<b>229,584</b>	<b>248,571</b>

<b>Value of Investment</b>	<b>£</b>
31 March 2018	248,572
30 June 2018	246,298
30 September 2018	247,240
31 December 2018	233,625
<b>Increase/(Decrease) from Total Cash Invested</b>	<b>(14,946)</b>