
MONITORING REPORT FOR 3 MONTHS TO 30 JUNE 2020

Report by Executive Director, Finance & Regulatory

LAUDER COMMON GOOD FUND SUB-COMMITTEE

29 SEPTEMBER 2020

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Lauder Common Good Fund for the three months to 30 June 2020, a full year projected out-turn for 2020/21, and projected balance sheet values as at 31 March 2021.**
- 1.2 Appendix 1 provides the projected income and expenditure position for 2020/21. This shows a projected deficit of £4,034 for the year.
- 1.3 Appendix 2 provides a projected balance sheet as at 31 March 2021. It shows a projected decrease in reserves of £30,367.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing projected rental income for 2020/21 and actual property expenditure to 30 June 2020.
- 1.5 Appendix 4 shows the value of the Aegon Asset Management Investment Fund to 30 June 2020.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Fund Sub-Committee:**
 - (a) Notes the projected income and expenditure for 2020/21 in Appendix 1;**
 - (b) Notes the projected balance sheet value as at 31 March 2021 in Appendix 2;**
 - (c) Notes the summary of the property portfolio in Appendix 3; and**
 - (d) Notes the current position of the Aegon Asset Management Investment Fund in Appendix 4.**

3 BACKGROUND

3.1 This report provides the Committee with financial information for the period to 30 June 2020 and projections to 31 March 2021. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2021.

4 FINANCIAL POSITION 2020/21

4.1 Appendix 1 provides details on income and expenditure for the 2020/21 financial year. The projected net position for the year is a deficit of £4,034.

4.2 Income & Expenditure – Property Income

Rental income for 2020/21 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

(a) The projected outturn position shows an amount of £200 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 £5,750 which is currently estimated at 2.5% return. As a result of the market value dropping due to the impact of the COVID-19, this projected 2.5% return is less than the 5% target and the monthly distribution profile projections provided by Aegon.

(b) Rebate income from Aegon Asset Management received in March 2020 of £60 was accounted for in 2019/20 however the corresponding 64 units have been purchased in April 2020.

4.4 Income & Expenditure – Property Expenditure

(a) The property expenditure to 30 June 2020 is detailed in Appendix 3 by property.

(b) The proposed Budget for 2020/21 is shown in Appendix 1.

4.5 Income & Expenditure – Grants & Other Donations

The grants and other donations approved and distributed to 30 June 2020 are shown below:

Grant Recipients	Approved	£
Approved and Paid to 30 June 2020		0
Total Paid to 31 March 2021		0
Total Budget 2020/21		7,050
<i>(Unallocated)/Overallocated Budget</i>		<i>7,050</i>

4.6 Income & Expenditure – Depreciation Charge

The projected depreciation charge for the year is £26,333. 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 March 2020, the projected movement in year and a projected balance as at 31 March 2021.

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 2019. Appendix 3 shows the values of the individual properties at 31 March 2020, projected depreciation charges for 2020/21 and projected value at 31 March 2021.

4.9 Balance Sheet – Investment Fund

The fund has an 8.52% unrealised loss in market value since investment, largely due to continued volatility in investment markets. Overall, taking account of the income received the fund has achieved a return of 2.76% since investment in February 2018.

4.10 Balance Sheet – Cash Balance

The cash held by the fund is projected to be £30,575 at 31 March 2021 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2020	34,821
Projected Surplus/(Deficit) for year from Income & Expenditure Statement	(4,034)
Net movement in debtors / creditors	(0)
Rebate Investment in Aegon	(212)
Closing Balance at 31 March 2021	30,575

4.11 Balance Sheet – Capital Reserve

The projections for the Capital Reserves include the unrealised loss for the Aegon Asset Management Fund as at 31 March 2020 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 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 Integrated 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 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/Chief Legal Officer, the Chief Officer Audit and Risk, Service Director HR & Communications, the Clerk to the Council and Corporate Communications have been consulted and their appropriate comments have been incorporated into this report.

Approved by

David Robertson
Executive Director Finance & Regulatory Signature

Author(s)

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Background Papers:

Previous Minute Reference: Lauder Common Good Committee 19 February 2020

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LAUDER COMMON GOOD FUND

PROJECTED INCOME AND EXPENDITURE 2020/21

	Actuals at 30/06/20	Full Year Approved Budget 2020/21	Full Year Projected Out-turn 2020/21	Full Year Projected Over/(Under) Spend 2020/21	Par a Ref	Commentary
	£	£	£	£		
Property Income						
Rentals Receivable	(2,375)	(11,015)	(11,015)		4.2	
Non-Property Related Income						
Interest on Cash deposited with Council	0	(200)	(200)		4.3	
Income from Other Bodies	0	(270)	(270)		4.3	
Investment Fund Dividends	(1,064)	(5,750)	(5,750)			
Misc income	0	0	0			
Total Income	(3,439)	(17,235)	(17,235)			
Property Costs – General	(505)	3,500	3,500		4.4	
Grants & Other Donations	0	7,050	7,050		4.5	
Central Support Service Charge	0	10,719	10,719			
Depreciation						
Depreciation Charge	0	26,333	26,333		4.6	
Contribution from Revaluation Reserve	0	(26,333)	(26,333)			
Net impact of Depreciation on Revenue Reserve	0	0	0			
Total Net (Surplus)/Deficit for year	(3,944)	4,034	4,034			

LAUDER COMMON GOOD FUND

PROJECTED BALANCE SHEET VALUE AS AT 31 MARCH 2021

	Opening Balance at 01/04/20	Projected Movement in Year	Projected Closing Balances at 31/03/21
	£	£	£
Fixed Assets			
Land & Buildings	1,294,016	(26,333)	1,267,683
Heritable Assets	0	0	0
Total Fixed Assets	1,294,016	(26,333)	1,267,683
Capital in Investment Funds			
Investment Fund Book Value	249,037	212	249,249
Unrealised Gains/(Loss)	(37,750)	0	(37,750)
Market Value	211,287	212	211,499
Long Term Debtors	0	(0)	0
Current Assets			
Debtors	8,951	0	8,951
Cash deposited with SBC	34,821	(4,246)	30,575
Total Current Assets	43,772	(4,246)	39,526
Current Liabilities			
Creditors	(89)	0	(89)
Receipts in Advance	(1,880)	0	(1,880)
Total Current Liabilities	(1,969)	0	(1,969)
Net Assets	1,547,106	(30,367)	1,516,739
Funded by: Reserves			
Revenue Reserve	(35,839)	4,034	(31,805)
Capital Reserve	(218,900)	0	(218,900)
Revaluation Reserve	(1,292,367)	26,333	(1,266,034)
Total Reserves	(1,547,106)	30,367	(1,516,739)

LAUDER COMMON GOOD FUND

PROPERTY PORTFOLIO PERFORMANCE FOR 2020/21
(Projected Income and Expenditure to 30 June 2020)

Fixed Assets – Land & Buildings	Net Book Value at 31/03/20	Projected Depn Charge 2020/21	Projected Net Book Value at 31/03/21	Projected Rental Income 2020/21	Actual Property Expenditure at 30/06/20				
					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	8,000	0	8,000	390	0	0	0	0	0
Raiths Acre & Chesters Acre	12,000	0	12,000	235	0	0	0	0	0
Lauder Golf Course	75,300	0	75,300	0	0	0	0	0	0
Lauder Town Hall	60,260	17,040	43,220	0	0	(290)	0	0	(290)
Lauder Common Farm	1,052,366	2,633	1,049,733	8,800	(89)	0	0	0	(89)
Lauder Common Farm Shootings	6,000	0	6,000	1,200	0	0	0	0	0
Lauder Common Plantations	16,000	0	16,000	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	1,750	0	1,750	0	0	0	0	0	0
Calfward Park Grazings	7,000	0	7,000	390	0	0	0	0	0
Burnmill Woodland	3,700	0	3,700	0	0	0	0	0	0
Lauder Library (Old Jail)	30,340	6,660	23,680	0	0	0	(126)	0	(126)
Old Castleriggs Recreation Grnd	0	0	0	0	0	0	0	0	0
Land at Lauder Village Hall	15,500	0	15,500	0	0	0	0	0	0
Land at Lauder Public Toilets	800	0	800	0	0	0	0	0	0
Pavilion Site	3,500	0	3,500	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
Total	1,294,016	26,333	1,267,683	11,015	(89)	(290)	(126)	0	(505)

**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

Cost of Investment	Units	£
Aegon Capital Investment (February 2018)	229,584	248,572
Aegon Fund Rebate - (2018-2019)	235	254
Aegon Fund Rebate - (2019-2020)	190	211
Aegon Fund Rebate - (2020-2021)	64	60
Total Invested to 30 June 2020	230,073	249,097

Value of Investment	£
31 March 2018	248,572
30 June 2018	246,298
30 September 2018	247,240
31 December 2018	233,625
31 March 2019	250,549
30 June 2019	254,795
30 September 2019	255,000
31 December 2019	263,641
31 March 2020	211,287
30 June 2020	227,866
Increase/(Decrease) from Total Cash Invested	(21,231)

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 30 June 2020	-8.52	+2.76