
MONITORING REPORT FOR 12 MONTHS TO 31 MARCH 2021

Report by Executive Director, Finance & Regulatory

LAUDER COMMON GOOD FUND SUB-COMMITTEE

15 JUNE 2021

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Lauder Common Good Fund for the year 2020/21 including balance sheet values as at 31 March 2021, a full year projected out-turn for 2021/22, and projected balance sheet values as at 31 March 2022.**
- 1.2 Appendix 1 provides the actual income and expenditure for 2020/21. This shows a deficit of £6,927 for the year, which is better than the previously reported deficit on 23 February 2021, as a result of an underspend in the Grants & Donations and the general property expenditure budget.
- 1.3 Appendix 2 provides an actual balance sheet value as at 31 March 2021. It shows an increase in the reserves of £6,460, partly due to the annual release from Revaluation Reserve off-set by unrealised gain on the Aegon Asset Management Fund.
- 1.4 Appendix 3a provides a breakdown of the property portfolio showing actual rental income and net return for 2020/21.
- 1.5 Appendix 3b provides a breakdown of the property portfolio showing actual property expenditure for 2020/21.
- 1.6 Appendix 4 provides a breakdown of the property portfolio showing actual property valuations at 31 March 2021.
- 1.7 Appendix 5 shows the value of the Aegon Asset Management Investment Fund to 31 March 2021.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Fund Sub-Committee:**
 - (a) Notes the actual income and expenditure for 2020/21 in Appendix 1;**
 - (b) Agrees the projected income and expenditure for 2021/22 in Appendix 1 as the revised budget for 2021/22;**

- (c) Notes the final balance sheet value as at 31 March 2021, and projected balance sheet value as at 31 March 2022 in Appendix 2;**
- (d) Notes the summary of the property portfolio in Appendices 3 and 4; and**
- (e) Notes the current position of the Aegon Asset Management Investment Fund in Appendix 5.**

3 BACKGROUND

3.1 This report provides the Committee with financial information for the period to 31 March 2021 and projections to 31 March 2022. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2022.

4 FINANCIAL POSITION 2020/21

4.1 Appendix 1 provides details on income and expenditure for the 2020/21 financial year, which resulted in a deficit of £6,927, as well as projections for 2021/22.

4.2 Income & Expenditure – Property Income

- (a) Rental income for 2020/21 is shown in Appendices 1 & 3a, with Appendix 3a detailing the actual annual rental income by individual property. Actual income is reported on a cash basis until the year end with quarter 4 reports incorporating any annual adjustments for prepayments and accruals.
- (b) The projected rental income for 2021/22 has been reduced by £250 to reflect the proposed reduction for the Lauderhill Sheep Company (£300 per annum pro-rated for 10 months covering June 2021 to March 2022).

4.3 Income & Expenditure – Non-Property Related Income

- (a) The outturn position shows an amount of £33 relating to interest receivable on cash held by SBC, a drop from projections due to the negative effect on interest rates from COVID-19. Also included are dividends from the Common Good Funds investment in Aegon Asset Management amounting to £10,372 which is slightly ahead of the revised projection of 4.5% return, while less than the overall 5% target and the monthly distribution profile projections provided by Aegon.
- (b) As the full economic recovery from the COVID-19 impact is not yet known the projections for 2021/22 have been retained at 4.5% compared to the target of 5%. The position will be monitored closely with Aegon Asset Management.
- (c) Included within other income for the year is a rebate from Aegon Asset Management of £173 which, along with the £61 received in March 2020, has been re-invested to purchase an additional 234 units. Rebate income received in March 2021 of £63 has been accounted for within income but the corresponding 57 units were not purchased until April 2021.

4.4 Income & Expenditure – Property Expenditure

- (a) The property expenditure for 2020/21 is shown in Appendices 1 & 3b, with Appendix 3b detailing the projected property expenditure by individual property. Actual expenditure is reported on a cash basis until the year end with quarter 4 reports incorporating any annual adjustments for prepayments and accruals.

- (b) The projected expenditure for 2021/22 is shown in Appendix 1. As minimal fencing work has been done in previous years, it is proposed to increase the repairs budget by £8,250 to complete planned fencing maintenance at Lauder Common, Lauderburn, refuse tip and Calfward Park.
- (c) Costs for the installation of benches are also being considered, once the costs have been received and approved the budget will be amended accordingly.
- (d) Lauder Common Woodland Planting scheme was due to commence in 2020/21 with estimated expenditure of £119,182 funded by 2 grants – the Forestry Grant Scheme £105,433 and Carbon Grant £14,301. The scheme was delayed and will now commence in 2021/22, projections for 2021/22 have been updated to include estimated expenditure of £151,568 funded by 2 grants – the Forestry Grant Scheme £116,575 and Carbon Grant £48,875.
- (e) Lauderburn Woodland Scheme is to be funded by the Penmanshiel Grant – financial details for 2020/21 and 2021/22 will be supplied by Estates as soon as final amounts are known.

4.5 Income & Expenditure – Grants & Other Donations

The grants and other donations approved and distributed to 31 March 2021 are shown below:

Grant Recipients	Approved	£
Approved and Paid to 31 March 2021		
Lauder Christmas Lights Festival	29/09/2020	15,000
Total Paid to 31 March 2021		15,000
Approved but not yet paid		0
Total Grants Approved		15,000
Total Budget 2020/21		20,000
<i>(Unallocated)/Overallocated Budget</i>		<i>(5,000)</i>

4.6 Income & Expenditure – Depreciation Charge

The 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 2021, and a projected balance sheet as at 31 March 2022.

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 4 shows the actual values of the individual properties at 31 March 2021, actual depreciation charges for 2020/21 and projected values to 31 March 2022.

4.9 Balance Sheet – Investment Fund

The fund has an 0.78% unrealised gain 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 16.84% since investment in February 2018.

The unrealised loss reported at 31 March 2020, which was due to a fall in the overall markets resulting from COVID-19, has over the last 12 months been fully recovered.

4.10 Balance Sheet – Cash Balance

The cash held by the fund is projected to be £26,187 at 31 March 2021 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2020	34,821
(Deficit) for year from Income & Expenditure Statement	(6,927)
Net movement in debtors / creditors	(1,473)
Rebate Investment in Aegon	(234)
Closing Balance at 31 March 2021	26,187

4.11 Balance Sheet – Capital Reserve

The movement in the Capital Reserves include the unrealised gain for the Aegon Asset Management Fund as at 31 March 2021 but due to the nature of the markets no estimate has been made for future 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 Chief Legal Officer (including as Monitoring Officer), the Chief Officer Audit and Risk, Service Director HR, Communications and the Clerk to the Council 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 23 February 2021

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.

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**LAUDER COMMON GOOD FUND
ACTUAL INCOME AND EXPENDITURE 2020/21**

APPENDIX 1

	Actuals at 31/03/21	Full Year Approved Budget 2020/21	Over/ (Under) Spend 2020/21	Full Year Approved Budget 2021/22	Full Year Projected Out-turn 2021/22	Full Year Projected Over/ (Under) Spend 2021/22	Para Ref
	£	£	£	£	£	£	
Property Income							
Rental Income	(11,015)	(11,015)	0	(11,015)	(10,765)	250	4.2
Non-Property Related Income							
Interest on Cash deposited with Council	(33)	(200)	167	(200)	(200)	0	
Income from Other Bodies	(236)	(270)	34	(270)	(270)	0	4.3
Investment Fund – Dividends Rec'd	(10,372)	(10,350)	(22)	(10,350)	(10,350)	0	4.3
Misc income	0	0	0	0	0	0	
Lauder Common Woodland Grant	0	(119,734)	119,734	(6,378)	(165,450)	(159,072)	4.4
Lauderburn Woodland	0	0		0	0		4.4
Total Income	(21,656)	(141,569)	119,913	(28,213)	(187,035)	(158,822)	
Property Costs – General Woodland Schemes	2,864	4,500	(1,636)	3,100	11,350	8,250	4.4
Lauder Common Woodland	0	119,182	(119,182)	5,950	151,568	145,618	4.4
Lauderburn Woodland	0	0	0	0	0	0	4.4
Grants & Other Donations	15,000	20,000	(5,000)	10,500	10,500	0	4.5
Central Support Service Charge	10,719	10,719	0	10,933	10,933	0	
Depreciation							
Depreciation Charge	26,333	26,333	0	26,333	26,333	0	4.6
Contribution from Revaluation Reserve	(26,333)	(26,333)	0	(26,333)	(26,333)	0	4.6
Net impact of Depreciation on Revenue Reserve	0	0	0	0	0	0	
Total Net (Surplus)/Deficit for year	6,927	12,832	(5,905)	2,270	(2,684)	(4,954)	

BALANCE SHEET VALUE AS AT 31 MARCH 2021

	Opening Balance at 01/04/20	Movement in Year	Closing Balance at 31/03/21	Projected Closing Balance at 31/03/22
	£	£	£	£
Fixed Assets				
Land & Buildings	1,294,016	(26,333)	1,267,683	1,241,350
Heritable Assets	0	0	0	0
Total Fixed Assets	1,294,016	(26,333)	1,267,683	1,241,350
Capital in Investment Funds				
Investment Fund Book Value	249,037	234	249,271	249,505
Unrealised Gains/(Loss)	(37,750)	39,720	1,970	1,970
Market Value	211,287	39,954	251,241	251,475
Long Term Debtors	0	0	0	0
Current Assets				
Debtors	8,951	95	9,046	9,046
Cash deposited with SBC	34,821	(8,634)	26,187	28,637
Total Current Assets	43,772	(8,539)	35,233	37,683
Current Liabilities				
Creditors	(89)	89	0	0
Receipts in Advance	(1,880)	1,289	(591)	(591)
Total Current Liabilities	(1,969)	1,378	(591)	(591)
Net Assets	1,547,106	6,460	1,553,566	1,529,917
Funded by:				
Reserves				
Revenue Reserve	(35,839)	6,927	(28,912)	(31,596)
Capital Reserve	(218,900)	(39,720)	(258,620)	(258,620)
Revaluation Reserve	(1,292,367)	26,333	(1,266,034)	(1,239,701)
Total Reserves	(1,547,106)	(6,460)	(1,553,566)	(1,529,917)

PROPERTY PORTFOLIO PERFORMANCE FOR 2020/21
(Actual income to 31 March 2021 and projected 2021/22)

Rental Income – Land & Buildings	2020/21			2021/22		
	Approv'd Budget	Actual	Actual Net Return	Approv'd Budget	Project'd Budget	Project'd Net Return
	£	£	£	£	£	£
Lauder Cemetery	0	0	0	0	0	0
Croft Road Play Area (East Side)	0	0	0	0	0	0
Lauder War Memorial	0	0	0	0	0	0
Old Castleriggs Grazings	(390)	(390)	(390)	(390)	(390)	(390)
Raiths Acre & Chesters Acre	(235)	(235)	(235)	(235)	(235)	(235)
Lauder Golf Course	0	0	0	0	0	0
Lauder Town Hall	0	0	1,049	0	0	0
Lauder Common Farm	(8,800)	(8,800)	(8,889)	(8,800)	(8,550)	(8,550)
Lauder Common Farm Shootings	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)
Lauder Common Plantations	0	0	0	0	0	0
Land Refuse Tip (1) Grazings	0	0	0	0	0	500
Land Refuse Tip (2) Grazings	0	0	0	0	0	500
Calfward Park Grazings	(390)	(390)	(390)	(390)	(390)	360
Burnmill Woodland	0	0	666	0	0	0
Lauder Library (Old Jail)	0	0	(126)	0	0	0
Old Castleriggs Recreation Grnd	0	0	0	0	0	0
Land at Lauder Village Hall	0	0	0	0	0	0
Land at Lauder Public Toilets	0	0	0	0	0	0
Pavilion Site	0	0	0	0	0	0
Lauder Play Park	0	0	0	0	0	0
Lauder Recreation Park	0	0	0	0	0	0
Lauder Hill	0	0	0	0	0	4,500
Lauder Burn Woodland	0	0	1,364	0	0	2,000
Property Expenditure (General)	0	0	0	0	0	3,100
Total	(11,015)	(11,015)	(8,151)	(11,015)	(10,765)	585

PROPERTY PORTFOLIO PERFORMANCE FOR 2020/21
(Actual expenditure to 31 March 2021 and projected 2021/22)

Property Expenditure – Land & Buildings	2020/21				2021/22	
	Approv'd Budget	Actual (Repair & Maint)	Actual (Other)	Actual Total	Approv'd Budget	Project'd Budget
	£	£	£	£	£	£
Lauder Cemetery	0	0	0	0	0	0
Croft Road Play Area (East Side)	0	0	0	0	0	0
Lauder War Memorial	0	0	0	0	0	0
Old Castleriggs Grazings	0	0	0	0	0	0
Raiths Acre & Chesters Acre	0	0	0	0	0	0
Lauder Golf Course	0	0	0	0	0	0
Lauder Town Hall	0	0	1,049	1,049	0	0
Lauder Common Farm	0	(89)	0	(89)	0	0
Lauder Common Farm Shootings	0	0	0	0	0	0
Lauder Common Plantations	0	0	0	0	0	0
Land Refuse Tip (1) Grazings	0	0	0	0	0	500
Land Refuse Tip (2) Grazings	0	0	0	0	0	500
Calfward Park Grazings	0	0	0	0	0	750
Burnmill Woodland	0	666	0	666	0	0
Lauder Library (Old Jail)	750	0	(126)	(126)	0	0
Old Castleriggs Recreation Grnd	0	0	0	0	0	0
Land at Lauder Village Hall	0	0	0	0	0	0
Land at Lauder Public Toilets	0	0	0	0	0	0
Pavilion Site	0	0	0	0	0	0
Lauder Play Park	0	0	0	0	0	0
Lauder Recreation Park	0	0	0	0	0	0
Lauder Hill	2,865	1,364	0	1364	0	4,500
Lauder Burn Woodland	0	0	0	0	0	2,000
Property Expenditure (General)	885	0	0	0	3,100	3,100
Total	4,500	1,941	923	2,864	3,100	11,350

PROPERTY PORTFOLIO VALUATION FOR 2020/21**(Actual property valuation to 31 March 2021 and projected to 31 March 2022)**

Fixed Assets – Land & Buildings	Net Book Value at 01/04/20	Depn Charge 2020/21	Net Book Value at 31/03/21	Project'd Depn Charge 2021/22	Project'd Net Book Value at 31/03/22
	£	£	£	£	£
Lauder Cemetery	0	0	0	0	0
Croft Road Play Area (East Side)	0	0	0	0	0
Lauder War Memorial	0	0	0	0	0
Old Castleriggs Grazings	8,000	0	8,000	0	8,000
Raiths Acre & Chesters Acre	12,000	0	12,000	0	12,000
Lauder Golf Course	75,300	0	75,300	0	75,300
Lauder Town Hall	60,260	17,040	43,220	17,040	26,180
Lauder Common Farm	1,052,366	2,633	1,049,733	2,633	1,047,100
Lauder Common Farm Shootings	6,000	0	6,000	0	6,000
Lauder Common Plantations	16,000	0	16,000	0	16,000
Land Refuse Tip (1) Grazings	1,500	0	1,500	0	1,500
Land Refuse Tip (2) Grazings	1,750	0	1,750	0	1,750
Calfwald Park Grazings	7,000	0	7,000	0	7,000
Burnmill Woodland	3,700	0	3,700	0	3,700
Lauder Library (Old Jail)	30,340	6,660	23,680	6,660	17,020
Old Castleriggs Recreation Grnd	0	0	0	0	0
Land at Lauder Village Hall	15,500	0	15,500	0	15,500
Land at Lauder Public Toilets	800	0	800	0	800
Pavilion Site	3,500	0	3,500	0	3,500
Lauder Play Park	0	0	0	0	0
Lauder Recreation Park	0	0	0	0	0
Lauder Hill	0	0	0	0	0
Lauder Hill Woodland	0	0	0	0	0
Property Expenditure (General)	0	0	0	0	0
Total	1,294,016	26,333	1,267,683	26,333	1,241,350

**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

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)	234	234
Total Invested to 31 March 2021	230,243	249,271

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
30 September 2020	229,440
31 December 2020	243,148
To 31 March 2021	251,241
Increase/(Decrease) from Total Cash Invested	1,970

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
to 30 September 2020	-7.91	+4.83
to 31 December 2020	-0.61	+14.09
to 31 March 2021	+0.78	+16.84

