
MONITORING REPORT FOR 3 MONTHS TO 30 JUNE 2021

Report by Executive Director, Finance & Regulatory

LAUDER COMMON GOOD FUND SUB-COMMITTEE

24 AUGUST 2021

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Lauder Common Good Fund for three months to 30 June 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 projected income and expenditure position for 2021/22. This shows a projected surplus of £2,684 for the year.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2022. It shows a projected decrease in reserves of £23,649.
- 1.4 Appendix 3a provides a breakdown of the property portfolio showing projected rental income and projected net return for 2021/22 and actual property income to 30 June 2021.
- 1.5 Appendix 3b provides a breakdown of the property portfolio showing projected property expenditure for 2021/22 and actual property expenditure to 30 June 2021.
- 1.6 Appendix 4 provides a breakdown of the property portfolio showing projected property valuations at 31 March 2022.
- 1.7 Appendix 5 shows the value of the Aegon Asset Management Investment Fund to 30 June 2021.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Fund Sub-Committee:**
 - (a) Notes the projected income and expenditure for 2021/22 in Appendix 1;**
 - (b) Notes the projected balance sheet value as at 31 March 2022 in Appendix 2;**
 - (c) Notes the summary of the property portfolio in Appendices 3 and 4; and**
 - (d) 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 30 June 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 2021/22

4.1 Appendix 1 provides details on income and expenditure for the 2021/22 financial year. The projected net position for the year is a surplus of £2,684.

4.2 Income & Expenditure – Property Income

(a) Rental income for 2021/22 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.

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 £10,350 which is currently estimated at 4.5% return. As a result of the market value dropping due to the impact of the COVID-19, this projected 4.5% return is less than the 5% target and the monthly distribution profile projections provided by Aegon. The position will be monitored closely with Aegon Asset Management.

(b) Rebate income from Aegon Asset Management received in March 2021 of £63 was accounted for in 2020/21 however the corresponding 57 units have been purchased in April 2021.

4.4 Income & Expenditure – Property Expenditure

(a) The property expenditure for 2021/22 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) Appendices 3a and 3b show a full breakdown of the projections for property rental and repairs for 2021/22.

- (c) Following a delay in commencement from last year, Lauder Common Woodland Planting is now expected to 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.
- (d) Lauderburn Woodland Scheme is to be funded by the Penmanshiel Grant – financial details for 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 2022 are shown below:

Grant Recipients	Approved	£
Approved and Paid to 30 June 2021		0
Total Paid to 31 March 2022		0
Total Budget 2021/22		10,500
<i>(Unallocated)/Overallocated Budget</i>		<i>(10,500)</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 actual balance sheet value as at 1 April 2021, the projected movement in year and a projected balance 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 1.10% 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 18.71% since investment in February 2018.

4.10 Balance Sheet – Cash Balance

The cash held by the fund is projected to be £28,637 at 31 March 2022 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2021	26,187
Projected surplus for year from Income & Expenditure Statement	2,684
Net movement in debtors / creditors	
Rebate Investment in Aegon	(234)
Closing Balance at 31 March 2022	28,637

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 Sustainable Development Goals

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 Climate Change

There are no effects on climate change 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 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

5.8 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 15 June 2021

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**LAUDER COMMON GOOD FUND
PROJECTED INCOME AND EXPENDITURE 2021/22**

APPENDIX 1

	Actuals at 30/06/21	Full Year Approved Budget 2021/22	Full Year Projected Out-turn 2021/22	Full Year Projected Over/ (Under) Spend 2021/22	Para Ref	Commentary
	£	£	£	£		
Property Income						
Rental Income	(2,845)	(10,765)	(10,765)		4.2	
Non-Property Related Income						
Interest on Cash deposited with Council	0	(200)	(200)			
Income from Other Bodies	0	(270)	(270)		4.3	
Investment Fund – Dividends Rec'd	(1,148)	(10,350)	(10,350)		4.3	
Misc income	0	0	0			
Lauder Common Woodland Grant	0	(165,450)	(165,450)		4.4	
Lauderburn Woodland	0	0	0		4.4	
Total Income	(3,993)	(187,035)	(187,035)			
Property Costs – General	4,431	11,350	11,350		4.4	
Woodland Schemes						
Lauder Common Woodland	6,245	151,568	151,568		4.4	
Lauderburn Woodland	0	0	0		4.4	
Grants & Other Donations	0	10,500	10,500		4.5	
Central Support Service Charge	0	10,933	10,933			
Depreciation						
Depreciation Charge	0	26,333	26,333		4.6	
Contribution from Revaluation Reserve	0	(26,333)	(26,333)		4.6	
Net impact of Depreciation on Revenue Reserve	0	0	0	0		
Total Net (Surplus)/Deficit for year	6,683	(2,684)	(2,684)	0		

PROJECTED BALANCE SHEET VALUE AS AT 31 MARCH 2022

	Opening Balance at 01/04/21	Projected Movement in Year	Projected Closing Balance at 31/03/22
	£	£	£
Fixed Assets			
Land & Buildings	1,267,683	(26,333)	1,241,350
Heritable Assets	0	0	0
Total Fixed Assets	1,267,683	(26,333)	1,241,350
Capital in Investment Funds			
Investment Fund Book Value	249,271	234	249,505
Unrealised Gains/(Loss)	1,970	0	1,970
Market Value	251,241	234	251,475
Long Term Debtors	0	0	0
Current Assets			
Debtors	9,046	0	9,046
Cash deposited with SBC	26,187	2,450	28,637
Total Current Assets	35,233	2,450	37,683
Current Liabilities			
Creditors	0	0	0
Receipts in Advance	(591)	0	(591)
Total Current Liabilities	(591)	0	(591)
Net Assets	1,553,566	(23,649)	1,529,917
Funded by:			
Reserves			
Revenue Reserve	(28,912)	(2,684)	(31,596)
Capital Reserve	(258,620)	0	(258,620)
Revaluation Reserve	(1,266,034)	26,333	(1,239,701)
Total Reserves	(1,553,566)	23,649	(1,529,917)

PROPERTY PORTFOLIO PERFORMANCE FOR 2021/22
(Actual income to 30 June 2021 and projections to 31 March 2022)

Rental Income – Land & Buildings	2021/22			
	Approved Budget 2021/22	Projected Budget 2021/22	Actuals as at 30/06/21	Projected Net (Return) /Loss £
	£	£	£	
Lauder Cemetery	0	0	0	0
Croft Road Play Area (East Side)	0	0	0	0
Lauder War Memorial	0	0	0	0
Old Castleriggs Grazings	(390)	(390)	(430)	(390)
Raiths Acre & Chesters Acre	(235)	(235)	(155)	(235)
Lauder Golf Course	0	0	0	0
Lauder Town Hall	0	0	0	0
Lauder Common Farm	(8,800)	(8,800)	(1,393)	(8,550)
Lauder Common Farm Shootings	(1,200)	(1,200)	(437)	(1,200)
Lauder Common Plantations	0	0	0	0
Land Refuse Tip (1) Grazings	0	0	0	500
Land Refuse Tip (2) Grazings	0	0	0	500
Calfwald Park Grazings	(390)	(390)	(430)	360
Burnmill Woodland	0	0	0	0
Lauder Library (Old Jail)	0	0	0	0
Old Castleriggs Recreation Grnd	0	0	0	0
Land at Lauder Village Hall	0	0	0	0
Land at Lauder Public Toilets	0	0	0	0
Pavilion Site	0	0	0	0
Lauder Play Park	0	0	0	0
Lauder Recreation Park	0	0	0	0
Lauder Hill	0	0	0	4,500
Lauder Burn Woodland	0	0	0	2,000
Property Expenditure (General)	0	0	0	3,100
Total	(10,765)	(10,765)	(2,845)	585

PROPERTY PORTFOLIO PERFORMANCE FOR 2020/21
(Actual expenditure to 30 June 2021)

Property Expenditure – Land & Buildings	2021/22			
	Approv'd Budget	Actual (Repair & Maint)	Actual (Other)	Actual Total
	£	£	£	£
Lauder Cemetery	0	0	0	0
Croft Road Play Area (East Side)	0	0	0	0
Lauder War Memorial	0	0	0	0
Old Castleriggs Grazings	0	0	0	0
Raiths Acre & Chesters Acre	0	0	0	0
Lauder Golf Course	0	0	0	0
Lauder Town Hall	0	0	(129)	(129)
Lauder Common Farm	0	0	1,000	1,000
Lauder Common Farm Shootings	0	0	0	0
Lauder Common Plantations	0	0	0	0
Land Refuse Tip (1) Grazings	500	625	0	625
Land Refuse Tip (2) Grazings	500	625	0	625
Calfward Park Grazings	750	0	0	0
Burnmill Woodland	0	0	0	0
Lauder Library (Old Jail)	0	0	(170)	(170)
Old Castleriggs Recreation Grnd	0	0	0	0
Land at Lauder Village Hall	0	0	0	0
Land at Lauder Public Toilets	0	0	0	0
Pavilion Site	0	0	0	0
Lauder Play Park	0	2,481	0	2,481
Lauder Recreation Park	0	0	0	0
Lauder Hill	4,500	0	0	0
Lauder Burn Woodland	2,000	0	0	0
Property Expenditure (General)	3,100	0	0	0
Total	11,350	3,731	701	4,432

PROPERTY PORTFOLIO VALUATION FOR 2021/22
(Projected property valuation to 31 March 2022)

Fixed Assets – Land & Buildings	Net Book Value at 01/04/21	Project'd Depn Charge 2021/22	Project'd Net Book Value at 31/03/22
	£	£	£
Lauder Cemetery	0	0	0
Croft Road Play Area (East Side)	0	0	0
Lauder War Memorial	0	0	0
Old Castleriggs Grazings	8,000	0	8,000
Raiths Acre & Chesters Acre	12,000	0	12,000
Lauder Golf Course	75,300	0	75,300
Lauder Town Hall	43,220	17,040	26,180
Lauder Common Farm	1,049,733	2,633	1,047,100
Lauder Common Farm Shootings	6,000	0	6,000
Lauder Common Plantations	16,000	0	16,000
Land Refuse Tip (1) Grazings	1,500	0	1,500
Land Refuse Tip (2) Grazings	1,750	0	1,750
Calfward Park Grazings	7,000	0	7,000
Burnmill Woodland	3,700	0	3,700
Lauder Library (Old Jail)	23,680	6,660	17,020
Old Castleriggs Recreation Grnd	0	0	0
Land at Lauder Village Hall	15,500	0	15,500
Land at Lauder Public Toilets	800	0	800
Pavilion Site	3,500	0	3,500
Lauder Play Park	0	0	0
Lauder Recreation Park	0	0	0
Lauder Hill	0	0	0
Lauder Hill Woodland	0	0	0
Property Expenditure (General)	0	0	0
Total	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
Aegon Fund Rebate – (2021-2022)	57	63
Total Invested to 30 June 2021	230,300	249,334

Value of Investment	£
31 March 2018	248,572
31 March 2019	250,549
31 March 2020	211,287
31 March 2021	251,241
30 June 2021	252,086
Increase/(Decrease) from Total Cash Invested	2,752

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
to 30 June 2021	+1.10	+18.71