
MONITORING REPORT FOR 6 MONTHS TO 30 SEPTEMBER 2022

Report by Acting Chief Financial Officer

LAUDER COMMON GOOD FUND SUB-COMMITTEE

13 December 2022

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Lauder Common Good Fund for the six months to 30 September 2022, a full year projected out-turn for 2022/23, and projected balance sheet values as at 31 March 2023.**
- 1.2 Appendix 1 provides the projected income and expenditure position for 2022/23. This shows a projected surplus of £758 for the year.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2023. It shows a projected decrease in reserves of £154,693.
- 1.4 Appendix 3a provides a breakdown of the property portfolio showing projected rental income and projected net return for 2022/23 and actual property income to 30 September 2022.
- 1.5 Appendix 3b provides a breakdown of the property portfolio showing projected property expenditure for 2022/23 and actual property expenditure to 30 September 2022.
- 1.6 Appendix 4 provides a breakdown of the property portfolio showing projected property valuations at 31 March 2023.
- 1.7 Appendix 5 shows the value of the Aegon Asset Management Investment Fund to 30 September 2022.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Fund Sub-Committee:**
 - (a) Notes the projected income and expenditure for 2022/23 in Appendix 1;**
 - (b) Notes the projected balance sheet value as at 31 March 2023 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 September 2022 and projections to 31 March 2023. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2023.

4 FINANCIAL POSITION 2022/23

4.1 Appendix 1 provides details on income and expenditure for the 2022/23 financial year. The projected net position for the year is a surplus of £758.

4.2 Income & Expenditure – Property Income

(a) Rental income for 2022/23 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 £11,524 with the projection for 2022/23 returning to the 5% target and the monthly distribution profile projections provided by Aegon. The position will be monitored closely with Aegon Asset Management.

(b) Included within other income is a rebate from Aegon Asset Management of £58 which, along with the £62 received in March 2022, has been re-invested to purchase an additional 119 units

4.4 Income & Expenditure – Property Expenditure

(a) The property expenditure for 2022/23 is shown in Appendices 1 & 3b, with Appendix 3b detailing the actual 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) Lauderburn Woodland Scheme is to be funded by the Penmanshiel Grant – financial details for 2022/23 will be updated as further information is received from Estates.

(c) Appendices 3a and 3b show a full breakdown of the projections for property rental and repairs for 2022/23. These will be revised as further information is received from Estates.

4.5 Income & Expenditure – Grants & Other Donations

The grants and other donations approved and distributed to 31 March 2023, are shown below:

| Grant Recipients | Approved | £ |
|--|-----------------|-----------------------|
| Approved and Paid to 30 September 2022 | | |
| Lauder Common Riding Association | 29/06/21 | 1,121 |
| Total Paid to 31 March 2023 | | 1,121 |
| Approved but not yet paid | | |
| Total Grants Approved not paid | | |
| Total Budget 2022/23 | | 10,500 |
| <i>(Unallocated)/Overallocated Budget</i> | | <i>(9,379)</i> |

4.6 Income & Expenditure – Central Support Service Charge

The proposed charge for 2022/23 is currently estimated using a 2% uplift on the 2021/22 charge, however this is subject to change pending confirmation of the agreed pay award for 2022/23. A full Service Charge Review will be carried out in 2023/24.

4.7 Income & Expenditure – Depreciation Charge

The projected depreciation charge for the year is £155,451. 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.

4.8 Appendix 2 provides the actual balance sheet value as at 1 April 2022, the projected movement in year and a projected balance sheet as at 31 March 2023.

4.9 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, with interim review. A full revaluation was carried out at 1 April 2019, with an interim review at 31 March 2022. Appendix 4 shows the actual values of the individual properties at 1 April 2022, projected depreciation charges for 2022/23 and projected values at 31 March 2023; any amendments required following completion of the 2021/22 annual audit will be incorporated into the 9 month monitoring report.

4.10 Balance Sheet – Investment Fund

The fund has a 16.12% 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 5.84% since investment in February 2018.

4.11 Balance Sheet – Cash Balance

The cash held by the fund is projected to be £17,100 at 31 March 2023 and is detailed below:

| Cash Balance | £ |
|--|---------------|
| Opening Balance at 1 April 2022 | 16,595 |
| Projected surplus for year from Income & Expenditure Statement | 758 |
| Net movement in debtors / creditors | 0 |
| Rebate Investment in Aegon | (253) |
| Projected Closing Balance at 31 March 2023 | 17,100 |

4.12 Balance Sheet – Capital Reserve

The movement in the Capital Reserves include the unrealised gain for the Aegon Asset Management Fund as at 31 March 2022, but due to the nature of the markets no estimate has been made for the 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, Director (People Performance & Change), the Clerk to the Council and Communications have been consulted and their appropriate comments have been incorporated into this report.

Approved by

Suzy Douglas
Acting Chief Financial Officer

Signature

Author(s)

| | |
|-------------|---|
| Sara Wilson | Treasury Business Partner - Tel: 01835 825155 |
|-------------|---|

Background Papers:

Previous Minute Reference: Lauder Common Good Fund Sub-Committee 6 September 2022

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**LAUDER COMMON GOOD FUND
PROJECTED INCOME AND EXPENDITURE 2022/23**

APPENDIX 1

| | Actuals at 30/09/22 | Full Year Approved Budget 2022/23 | Full Year Projected Out-turn 2022/23 | Full Year Projected Over/ (under) Spend 2022/23 | Para Ref | Comments |
|--|------------------------------------|--|---|--|---------------------|-------------------|
| | £ | £ | £ | £ | | |
| Property Income | | | | | | |
| Rental Income | (3,478) | (10,715) | (10,715) | | 4.2 | |
| Non-Property Related Income | | | | | | |
| Interest on Cash deposited with Council | (0) | (200) | (200) | | | |
| Income from Other Bodies | (58) | (244) | (244) | | 4.3 | |
| Investment Fund – Dividends Rec'd | (6,064) | (11,524) | (11,524) | | 4.3 | Est 5% return |
| Misc income | 0 | 0 | 0 | | | |
| Lauder Common Woodland Grant | (110,323) | (165,450) | (165,450) | | 4.4 | |
| Lauderburn Woodland | 0 | 0 | 0 | | 4.4 | |
| Total Income | (119,923) | (188,133) | (188,133) | | | |
| Property Costs – General Woodland Schemes | 5,593 | 17,400 | 17,400 | | 4.4 | |
| Lauder Common Woodland | 0 | 148,323 | 148,323 | | 4.4 | |
| Lauderburn Woodland | 0 | 0 | 0 | | 4.4 | |
| Grants & Other Donations | 1,121 | 10,500 | 10,500 | | 4.5 | 3 year average |
| Central Support Service Charge | 0 | 11,152 | 11,152 | | 4.6 | Subject to review |
| Depreciation | | | | | | |
| Depreciation Charge | 0 | 155,451 | 155,451 | | 4.7 | |
| Contribution from Revaluation Reserve | 0 | (155,451) | (155,451) | | 4.7 | |
| Net impact of Depreciation on Revenue Reserve | 0 | 0 | 0 | | | |
| Total Net (Surplus)/Deficit for year | (113,209) | (758) | (758) | | | |

PROJECTED BALANCE SHEET VALUE AS AT 31 MARCH 2023

| | Opening Balance at 01/04/22 | Projected Movement in Year | Projected Closing Balance at 31/03/23 |
|------------------------------------|--------------------------------------|-------------------------------------|---|
| | £ | £ | £ |
| Fixed Assets | | | |
| Land & Buildings | 1,714,631 | (155,451) | 1,559,180 |
| Heritable Assets | 0 | 0 | 0 |
| Total Fixed Assets | 1,714,631 | (155,451) | 1,559,180 |
| Capital in Investment Funds | | | |
| Investment Fund Book Value | 249,524 | 253 | 249,777 |
| Unrealised Gains/(Loss) | 1,714 | 0 | 1,714 |
| Market Value | 251,238 | 253 | 251,491 |
| Long Term Debtors | 0 | 0 | 0 |
| Current Assets | | | |
| Debtors | 10,416 | 0 | 10,416 |
| Cash deposited with SBC | 16,595 | 505 | 17,100 |
| Total Current Assets | 27,011 | 505 | 27,516 |
| Current Liabilities | | | |
| Creditors | (9,993) | 0 | (9,993) |
| Receipts in Advance | (139) | 0 | (139) |
| Total Current Liabilities | (10,132) | 0 | (10,132) |
| Net Assets | 1,982,748 | (154,693) | 1,828,055 |
| Funded by: | | | |
| Reserves | | | |
| Revenue Reserve | (11,402) | (758) | (12,160) |
| Capital Reserve | (258,364) | 0 | (258,364) |
| Revaluation Reserve | (1,712,982) | 155,451 | (1,557,531) |
| Total Reserves | (1,982,748) | 154,693 | (1,828,055) |

PROPERTY PORTFOLIO PERFORMANCE FOR 2022/23
(Actual income to 30 September 2022 and projections to 31 March 2023)

| Rental Income – Land & Buildings | 2022/23 | | | |
|-------------------------------------|--------------------|---------------------|------------------------------|---------------------------------------|
| | Approv'd Budget | Project'd Budget | Actuals as at 30/09/22 | Project'd Net (Return) /Loss |
| | £ | £ | £ | £ |
| Lauder Cemetery (Old) | 0 | 0 | 0 | 0 |
| Lauder War Memorial | 0 | 0 | 0 | 0 |
| Old Castleriggs Grazings | (390) | (390) | (430) | (390) |
| Burnmill Haugh | 0 | 0 | 0 | 0 |
| Raiths Acre & Chesters Acre | (235) | (235) | 81 | (235) |
| Lauder Golf Course | 0 | 0 | 0 | 0 |
| Lauder Town Hall | 0 | 0 | 0 | 0 |
| Lauder Common Farm | (8,500) | (8,500) | (1,062) | 8,700 |
| Lauder Common Farm Shootings | (1,200) | (1,200) | (1,637) | (1,200) |
| Lauder Common Plantations | 0 | 0 | 0 | 0 |
| Land Refuse Tip (1) Grazings | 0 | 0 | 0 | 0 |
| Land Refuse Tip (2) Grazings | 0 | 0 | 0 | 0 |
| Calfward Park Grazings | (390) | (390) | (430) | (390) |
| Burnmill Woodland | 0 | 0 | 0 | 0 |
| Burnmill Area | 0 | 0 | 0 | 0 |
| Lauder Library (Old Jail) | 0 | 0 | 0 | 0 |
| Old Castleriggs Recreation Grnd | 0 | 0 | 0 | 0 |
| Lauder Public Hall | 0 | 0 | 0 | 0 |
| Lauder Public Toilets | 0 | 0 | 0 | 0 |
| Old 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 | 0 |
| Lauder Burn Woodland | 0 | 0 | 0 | 0 |
| Property Expenditure (General) | 0 | 0 | 0 | 200 |
| Total | (10,715) | (10,715) | (3,478) | 6,685 |

PROPERTY PORTFOLIO PERFORMANCE FOR 2022/23
(Actual expenditure to 30 September 2022)

| Property Expenditure Land & Buildings | 2022/23 | | | | |
|--|--------------------|---------------------|-------------------------------|-------------------|-----------------|
| | Approv'd Budget | Project'd Budget | Actual (Repair & Maint) | Actual (Other) | Actual Total |
| | £ | £ | £ | £ | £ |
| Lauder Cemetery (Old) | 0 | 0 | 0 | 0 | 0 |
| Lauder War Memorial | 0 | 0 | 0 | 0 | 0 |
| Old Castleriggs Grazings | 0 | 0 | 0 | 0 | 0 |
| Burnmill Haugh | 0 | 0 | 0 | 0 | 0 |
| Raiths Acre & Chesters Acre | 0 | 0 | 0 | 0 | 0 |
| Lauder Golf Course | 0 | 0 | 245 | 0 | 245 |
| Lauder Town Hall | 0 | 0 | 0 | 1,154 | 1,154 |
| Lauder Common Farm | 17,200 | 17,200 | 7,057 | (2,863) | 4,194 |
| Lauder Common Farm Shootings | 0 | 0 | 0 | 0 | 0 |
| Lauder Common Plantations | 0 | 0 | 0 | 0 | 0 |
| Land Refuse Tip (1) Grazings | 0 | 0 | 0 | 0 | 0 |
| Land Refuse Tip (2) Grazings | 0 | 0 | 0 | 0 | 0 |
| Calfward Park Grazings | 0 | 0 | 0 | 0 | 0 |
| Burnmill Woodland | 0 | 0 | 0 | 0 | 0 |
| Burnmill Area | 0 | 0 | 0 | 0 | 0 |
| Lauder Library (Old Jail) | 0 | 0 | 0 | 0 | 0 |
| Old Castleriggs Recreation Grnd | 0 | 0 | 0 | 0 | 0 |
| Lauder Public Hall | 0 | 0 | 0 | 0 | 0 |
| Lauder Public Toilets | 0 | 0 | 0 | 0 | 0 |
| Pavilion & Site | 0 | 0 | 0 | 0 | 0 |
| Lauder Play Park | 0 | 0 | 0 | 0 | 0 |
| Lauder Recreation Park | 0 | 0 | 0 | 0 | 0 |
| Lauder Hill | 0 | 0 | 0 | 0 | 0 |
| Lauder Burn Woodland | 0 | 0 | 0 | 0 | 0 |
| Property Expenditure (General) | 200 | 200 | 0 | 0 | 0 |
| Total | 17,400 | 17,400 | 7,302 | (1,709) | 5,593 |

PROPERTY PORTFOLIO VALUATION FOR 2022/23
(Projected property valuation to 31 March 2023)

| Fixed Assets – Land & Buildings | Net Book Value at 01/04/22 | Project'd Depn Charge 2022/23 | Project'd Net Book Value at 31/03/23 |
|--|---|--|---|
| | £ | £ | £ |
| Lauder Cemetery (Old) | 0 | 0 | 0 |
| Lauder War Memorial | 0 | 0 | 0 |
| Old Castleriggs Grazings | 8,000 | 0 | 8,000 |
| Burnmill Haugh | 13,700 | 0 | 13,700 |
| Raiths Acre & Chesters Acre | 12,000 | 0 | 12,000 |
| Lauder Golf Course | 75,300 | 0 | 75,300 |
| Lauder Town Hall | 38,680 | (17,040) | 21,640 |
| Lauder Common Farm | 1,047,100 | (2,633) | 1,044,467 |
| 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 |
| Burnmill Area | 0 | 0 | 0 |
| Lauder Library (Old Jail) | 17,020 | (6,660) | 10,360 |
| Old Castleriggs Recreation Grnd | 0 | 0 | 0 |
| Lauder Public Hall | 121,100 | (113,900) | 7,200 |
| Lauder Public Toilets | 18,488 | (5,512) | 12,976 |
| Old Pavilion Site | 3,500 | 0 | 3,500 |
| Pavilion | 323,794 | (9,706) | 314,088 |
| Lauder Play Park | 0 | 0 | 0 |
| Lauder Recreation Park | 0 | 0 | 0 |
| Total | 1,714,632 | (155,451) | 1,559,181 |

| Fixed Assets – Moveable Assets | Projected Net Book Value at 31/03/23 £ |
|---|--|
| Art & Artefacts – held in locations below: <u>Thirlestane Castle</u> Charter Snuff Mull Set of Imperial Weight and Measures Brass Yard Stick 1824 Silver Punch Ladle o/w Toddy Ladle 1831 <u>Lauder Town Hall</u> Burgh Standard, 1912 <u>Galashiels Town Hall</u> Certificate of Matriculation, Royal Burgh of Lauder 1938 Burgess Roll (2) Map of Burges Acres, Royal Burgh of Lauder 1803 <u>Stored by Bank of Scotland</u> Burgh of Lauder Seal Provosts Chain <u>Other</u> Provosts Robes | 0 |
| | 0 |

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) | 229 | 253 |
| Aegon Fund Rebate – (2022-2023) | 119 | 120 |
| Total Invested to 30 September 2022 | 230,591 | 249,644 |

| Value of Investment | £ |
|---|-----------------|
| 31 March 2018 | 248,572 |
| 31 March 2019 | 250,549 |
| 31 March 2020 | 211,287 |
| 31 March 2021 | 251,241 |
| 31 March 2022 | 251,238 |
| 30 June 2022 | 223,476 |
| 30 September 2022 | 209,423 |
| Increase/(Decrease) from Total Cash Invested | (40,221) |

| 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 |
| to 30 September 2021 | +0.36 | +19.52 |
| to 31 December 2021 | +3.93 | +25.02 |
| to 31 March 2022 | +0.68 | +22.56 |
| to 30 June 2022 | -10.46 | +10.70 |
| 30 September 2022 | -16.12 | +5.84 |

