
MONITORING REPORT FOR 9 MONTHS TO 31 DECEMBER 2022 AND PROPOSED BUDGET FOR FINANCIAL YEAR 2023/24

Report by Acting Chief Financial Officer

GALASHIELS COMMON GOOD FUND SUB-COMMITTEE

2 March 2023

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Galashiels Common Good Fund for nine months to 31 December 2022, a full year projected out-turn for 2022/23, projected balance sheet values as at 31 March 2023 and proposed budget for 2023/24.**
- 1.2 Appendix 1 provides the projected income and expenditure position for 2022/23. This shows a projected surplus of £1,109, which is less than the previously reported surplus on 9 December 2022, as a result of an increase to the Central Support Charge.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2023. It shows a projected decrease in reserves of £53,200.
- 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 31 December 2022.
- 1.5 Appendix 3b provides a breakdown of the property portfolio showing projected property expenditure for 2022/23 and actual property expenditure to 31 December 2022.
- 1.6 Appendix 4 provides a breakdown of the property portfolio showing projected property valuations at 31 March 2023.
- 1.6 Appendix 5 shows the value of the Aegon Asset Management Investment Fund to 31 December 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 as the revised budget for 2022/23;**
 - (b) Agrees the proposed budget for 2023/24 as shown in Appendix 1;**
 - (c) Notes the projected balance sheet value as at 31 March 2023 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 December 2022, projections to 31 March 2023 and proposed budgets for 2023/24. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2023 and 31 March 2024.

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 £1,109. Also included is the proposed budget for 2023/24.

4.2 Income & Expenditure – Property Income

There is no rental income from the properties owned by the Galashiels Common Good Fund.

4.3 Income & Expenditure – Non-Property Related Income

- (a) The projected outturn position shows an amount of £30 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 £7,380, with the projection for 2023/24 with the projection for 2023/24 remaining at 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 £73 which, along with the £40 received in March 2022, has been re-invested to purchase an additional 116 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) The total proposed budget for 2023/24 is shown in Appendix 1.
- (c) Appendices 3a and 3b show a full breakdown of the projections for property rental and repairs for 2023/24. 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 31 December 2022		0
Total Paid to 31 March 2023		0
Budget 2022/23		500
Unallocated/(Overallocated) Budget		500

The budget for 2023/24 is proposed at £500, which is the average of the previous 3 years grant expenditure.

4.6 Income & Expenditure – Central Support Service Charge

The proposed charge for 2022/23 was estimated using a 2% uplift on the 2021/22 charge however, after confirmation of the 5% agreed pay award for 2022/23, an additional 3% has been added. The proposed charge for 2023/24 is currently estimated using a 2% uplift on the 2022/23 charge. A full Service Charge Review is due to be carried out in 2023/24.

4.7 Income & Expenditure – Depreciation Charge

The projected depreciation charge for the year is £54,309. 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; along with projected balance to 31 March 2024.

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; along with projected value at 31 March 2024. Adjustments required as part of the 2021/22 audit are now completed and those impacting the balance sheet value are listed in the table below:

Asset Adjustments	Re-valuation as at 31/3/2022 £
Old Gala House	65,317
Old Gala House–Community Centre	75,790
Old Gala House–Caretakers Flat	21,818
	162,925

4.10 Balance Sheet – Investment Fund

The fund has a 11.43% 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 12.81% since investment in February 2018.

4.11 Balance Sheet – Cash Balance

The cash held by the fund is projected to be £17,343 at 31 March 2023 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2022	16,395
Projected surplus for year from Income & Expenditure Statement	1,109
Net cash movement in Debtors/Creditors	0
Rebate Investment in Aegon Asset Management	(161)
Projected Closing Balance as at 31 March 2023	17,343

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 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 good governance required to ensure robust 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

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Background Papers:

Previous Minute Reference: Galashiels Common Good Committee 9 December 2022

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GALASHIELS COMMON GOOD FUND

APPENDIX 1

PROJECTED INCOME AND EXPENDITURE 2022/23 AND 2023/24

	Actuals at 31/12/22	Full Year Approved Budget 2022/23	Full Year Projected Out-turn 2022/23	Full Year Projected Over/ (Under) Spend 2022/23	Full Year Projected Budget 2023/24	Para Ref	Commentary
	£	£	£	£	£		
Property Income							
Rental Income	0	0	0		0	4.2	
Non-Property Related Income							
Interest on Cash deposited with Council	0	(30)	(30)		(30)	4.3	Est 5% return
Investment Funds – Dividends Rec’d	(5,956)	(7,380)	(7,380)		(7,392)	4.3	
Other Income	(73)	(160)	(160)		(160)	4.3	
Penmanshiel Fund (Tweed Forum)	0	(400)	(400)		0		
Total Income	(6,029)	(7,970)	(7,970)		(7,582)		
Property Expenditure							
Property Costs – General	3,785	3,700	3,700		1,500	4.4	
Tweed Forum (Penmanshiel Fund)	0	400	400		0		
Total Property Expenditure	3,785	4,100	4,100		1,500		
Grants & Other Donations	0	500	500		500	4.5	3 Year average
Central Support Service Charge	2,261	2,196	2,261	65	2,306	4.6	Subject to review
Depreciation						4.7	
Depreciation Charge	0	54,309	54,309		54,309	4.7	
Contribution from Revaluation Reserve	(0)	(54,309)	(54,309)		(54,309)		
Net impact of Depreciation on Revenue Reserve	0	0	0		0		
Total Net (Surplus)/Deficit for year	17	(1,174)	(1,109)	65	(3,276)		

PROJECTED BALANCE SHEET VALUE AS AT 31 MARCH 2023 AND 31 MARCH 2023

	Opening Balance at 01/04/22	Projected Movement in Year	Projected Closing Balance at 31/03/23	Projected Closing Balance at 31/03/24
	£	£	£	£
Fixed Assets				
Land & Buildings	736,600	(54,309)	682,291	627,982
Heritable Assets	0	0	0	
Total Fixed Assets	736,600	(54,309)	682,291	627,982
Capital in Investment Fund				
Investment Fund Book Value	159,803	161	159,964	160,125
Unrealised Gains/(Loss)	1,107		1,107	1,107
Market Value	160,910	161	161,071	161,232
Current Assets				
Debtors	763	0	763	763
Cash deposited with SBC	16,395	948	17,343	20,458
Total Current Assets	17,158	948	18,106	21,221
Current Liabilities				
Creditors	0	0	0	0
Total Current Liabilities	0	0	0	0
Net Assets	914,668	(53,200)	861,468	810,435
Funded by:				
Reserves				
Revenue Reserve	(27,232)	(1,109)	(28,341)	(31,617)
Capital Reserve	(304,162)	0	(304,162)	(304,162)
Revaluation Reserve	(583,274)	54,309	(528,965)	(474,656)
Total Reserves	(914,668)	53,200	(861,468)	(810,435)

PROPERTY PORTFOLIO PERFORMANCE FOR 2022/23
(Actual income to 31 December 2022 and projected 2023/24)

Property Income – Land & Buildings	2022/23			2023/24	
	Approv'd Budget	Actuals As at 31/12/22	Projected Net (Return) /Loss	Proposed Budget	Proposed Net (Return) /Loss
	£	£	£	£	£
Ladhope Drive Car Park	0	0	0	0	0
Old Gala House	0	0	0	0	0
Old Gala House–Community Centre	0	0	0	0	0
Old Gala House–Caretakers Flat	0	0	0	0	0
Ladhope Golf Course	0	0	3,700	0	1,500
Ladhope Woodland	0	0	0	0	0
Ladhope Glen Park	0	0	0	0	0
Ladhope Recreation Ground	0	0	0	0	0
Leabrae Park	0	0	0	0	0
Bank Street Gardens	0	0	0	0	0
Sir Walter Scott Statue	0	0	0	0	0
Mercat Cross	0	0	0	0	0
Amenity Ground at Haliburton Pl	0	0	0	0	0
Property Expenditure (General)	0	0	0	0	0
Total	0	0	3,700	0	1,500

PROPERTY PORTFOLIO PERFORMANCE FOR 2022/23
(Actual expenditure to 31 December 2022 and projected 2023/24)

Property Expenditure – Land & Buildings	2022/23					2023/24
	Approv'd Budget	Project'd Budget	Actual (Repair & Maint) £	Actual (Other) £	Actual Total £	Proposed Budget £
Ladhope Drive Car Park	0	0	0	0	0	0
Old Gala House	0	0	0	0	0	0
Old Gala House–Community Centre	0	0	0	0	0	0
Old Gala House–Caretakers Flat	0	0	0	0	0	0
Ladhope Golf Course	3,700	3,700	2,735	1,050	3,785	1,500
Ladhope Woodland	0	0	0	0	0	0
Ladhope Glen Park	0	0	0	0	0	0
Ladhope Recreation Ground	0	0	0	0	0	0
Leabrae Park	0	0	0	0	0	0
Bank Street Gardens	0	0	0	0	0	0
Sir Walter Scott Statue	0	0	0	0	0	0
Mercat Cross	0	0	0	0	0	0
Amenity Ground at Haliburton Pl	0	0	0	0	0	0
Property Expenditure (General)	0	0	0	0	0	0
Total	3,700	3,700	2,735	1,050	3,785	1,500

**PROPERTY PORTFOLIO VALUATION FOR 2022/23
(Projected property valuation to 31 March 2023 and 31 March 2024)**

Fixed Assets – Land & Buildings	Net Book Value at 31/03/22 (Previously reported)	Adjustment (see Note 4.9)	Net Book Value at 01/04/22 £	Project'd Depn Charge 2022/23 £	Project'd Net Book Value at 31/03/23 £	Project'd Depn Charge 2023/24 £	Project'd Net Book Value at 31/03/24 £
Ladhope Drive Car Park	0	0	0	0	0	0	0
Old Gala House	257,683	65,317	323,000	(21,773)	301,227	(21,773)	279,454
Old Gala House-Community Centre	213,810	75,790	289,600	(25,263)	264,337	(25,263)	239,074
Old Gala House-Caretakers Flat	63,182	21,818	85,000	(7,273)	77,727	(7,273)	70,454
Ladhope Golf Course	23,000	0	23,000	0	23,000	0	23,000
Ladhope Woodland	16,000	0	16,000	0	16,000	0	16,000
Ladhope Glen Park	0	0	0	0	0	0	0
Ladhope Recreation Ground	0	0	0	0	0	0	0
Leabrae Park	0	0	0	0	0	0	0
Bank Street Gardens	0	0	0	0	0	0	0
Sir Walter Scott Statue	0	0	0	0	0	0	0
Mercat Cross	0	0	0	0	0	0	0
Amenity Ground at Haliburton Pl	0	0	0	0	0	0	0
Total	573,675	162,925	736,600	(54,309)	682,291	(54,309)	627,982

**Fixed Assets –
Moveable Assets**

Minute Books
Provosts Chain & Badge
Provosts Robes & Hats (2 of each)
Baillies Robes & Hats
Stamp with Burgh Seal
Silver Trophy
Gold Watch
Gold Key & Medal
Scott Manuscript
Collection of Coins (12)
Bottle (storage for coins)
Braw Lads Medal (2)
Commemorative Medals (2)

Total

INVESTMENTS EXTERNALLY MANAGED

Cost of Investment	Units	£
Aegon Asset Management Investment (February 2018)	136,558	147,851
Transfer of Investment – Ex Provost Mercer (April 18)	1,239	1,342
Aegon Asset Management Investment (September 2018)	9,244	10,000
Aegon Fund Rebate – (2018-2019)	150	162
Aegon Fund Rebate – (2019-2020)	123	136
Aegon Fund Rebate – (2020-2021)	149	151
Aegon Fund Rebate – (2021-2022)	147	161
Aegon Fund Rebate – (2021-2022)	116	113
Total Invested To 31 December 2022	147,726	159,916

Value of Investment	£
31 March 2018	147,374
31 March 2019	160,469
31 March 2020	135,323
31 March 2021	160,912
31 March 2022	160,910
30 June 2022	143,129
30 September 2022	134,129
31 December 2022	141,669
Increase/(Decrease) from Total Cash Invested	(18,247)

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
to 30 September 2022	-16.12	+5.84
to 31 December 2022	-11.43	+12.81