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

Report by Acting Chief Financial Officer

LAUDER COMMON GOOD FUND SUB-COMMITTEE

21 February 2023

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Lauder 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 deficit of £23,595 for the year, which is less than the surplus figure reported at the 13 December 2022 meeting, as a result of an increase to the Central Support Charge and an increase in the property repairs budget.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2023. It shows a projected decrease in reserves of £49,928, partly as a result of the projected deficit.
- 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.
- 1.7 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) Agrees 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 deficit of £23,595. Also included is the proposed budget for 2023/24.

4.2 Income & Expenditure – Property Income

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 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 £113 which, along with the £62 received in March 2022, has been re-invested to purchase an additional 180 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) The projection for property expenditure has been increased by £24,025 to cover agreed works at Lauder Farm Cottage and Woodland.

- (d) 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.
- (e) Appendices 3a and 3b show a full breakdown of the proposed budget 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		
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>

The budget for 2023/24 is proposed at £5,900, 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 depreciation charge for the year is projected to be £26,333, a decrease of £129,118, due to the re-classification of some properties back to SBC. 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 £	Reversal of re-classification as at 1/4/2021 £
Lauder Town Hall	51,120	
Lauder Common Farm	7,900	
Lauder Library (Old Jail)	19,980	
Lauder Public Hall (remove building)		(105,600)
Lauder Public Toilets (remove building) Pavilion	9,706	(17,688)
	88,706	(123,288)

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 (£7,253) at 31 March 2023 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2022	16,595
Projected deficit for year from Income & Expenditure Statement	(23,595)
Net movement in debtors / creditors	0
Rebate Investment in Aegon	(253)
Projected Closing Balance at 31 March 2023	(7,253)

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)

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Background Papers:

Previous Minute Reference: Lauder Common Good Fund Sub-Committee 13
December 2022

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**LAUDER COMMON GOOD FUND
PROJECTED INCOME AND EXPENDITURE 2022/23 AND 2023/24**

APPENDIX 1

	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	Comments
	£	£	£	£	£		
Property Income							
Rental Income	(3,712)	(10,715)	(10,715)		(10,985)	4.2	
Non-Property Related Income							
Interest on Cash deposited with Council	(0)	(200)	(200)		(200)		
Income from Other Bodies	(113)	(244)	(244)		(244)	4.3	
Investment Fund – Dividends Rec'd	(9,300)	(11,524)	(11,524)		(11,542)	4.3	Est 5% return
Misc income – Sale of Carbon Units	(38,750)	0	0		0		
Lauder Common Woodland Grant	(110,323)	(165,450)	(165,450)		0	4.4	
Lauderburn Woodland	0	0	0		0	4.4	
Total Income	(162,198)	(188,133)	(188,133)		(22,971)		
Property Costs – General Woodland Schemes	13,714	17,400	27,700	10,300	15,035	4.4	
Lauder Common Woodland	150,373	148,323	162,048	13,725	0	4.4	
Lauderburn Woodland	0	0	0	0	0	4.4	
Grants & Other Donations	1,121	10,500	10,500		5,900	4.5	3 year average
Central Support Service Charge	11,480	11,152	11,480	328	11,710	4.6	Subject to review
Depreciation							
Depreciation Charge	0	155,451	26,333	(129,118)	26,333	4.7	
Contribution from Revaluation Reserve	0	(155,451)	(26,333)	129,118	(26,333)	4.7	
Net impact of Depreciation on Revenue Reserve	0	0	0	0	0		
Total Net (Surplus)/Deficit for year	14,490	(758)	23,595	24,353	9,674		

PROJECTED BALANCE SHEET VALUE AS AT 31 MARCH 2023 AND 31 MARCH 2024

	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	1,680,050	(26,333)	1,653,717	1,627,384
Heritable Assets	0	0	0	0
Total Fixed Assets	1,680,050	(26,333)	1,653,717	1,627,384
Capital in Investment Funds				
Investment Fund Book Value	249,524	253	249,777	250,030
Unrealised Gains/(Loss)	1,714	0	1,714	1,714
Market Value	251,238	253	251,491	251,744
Long Term Debtors	0	0	0	0
Current Assets				
Debtors	10,416	0	10,416	10,416
Cash deposited with SBC	16,595	(23,848)	(7,253)	(17,180)
Total Current Assets	27,011	(23,848)	3,163	(6,764)
Current Liabilities				
Creditors	(9,993)	0	(9,993)	(9,993)
Receipts in Advance	(139)	0	(139)	(139)
Total Current Liabilities	(10,132)	0	(10,132)	(10,132)
Net Assets	1,948,167	(49,928)	1,898,239	1,862,232
Funded by:				
Reserves				
Revenue Reserve	(11,402)	23,595	12,193	21,867
Capital Reserve	(258,364)	0	(258,364)	(258,364)
Revaluation Reserve	(1,678,401)	26,333	(1,652,068)	(1,625,735)
Total Reserves	(1,948,167)	49,928	(1,898,239)	(1,862,232)

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

Rental Income – Land & Buildings	2022/23				2023/24	
	Approv'd Budget	Project'd Budget	Actuals as at 31/12/22	Project'd Net (Return) /Loss	Proposed Budget	Proposed Net (Return) /Loss
	£	£	£	£	£	£
Lauder Cemetery (Old)	0	0	0	0	0	0
Lauder War Memorial	0	0	0	0	0	0
Old Castleriggs Grazings	(390)	(390)	(430)	(390)	(390)	(390)
Burnmill Haugh	0	0	0	0	0	0
Raiths Acre & Chesters Acre	(235)	(235)	(154)	(235)	(235)	(235)
Lauder Golf Course	0	0	0	0	0	0
Lauder Town Hall	0	0	0	0	0	0
Lauder Common Farm	(8,500)	(8,500)	(1,062)	19,000	(8,500)	(4,500)
Lauder Common Farm Shootings	(1,200)	(1,200)	(1,637)	(1,200)	(1,200)	(1,200)
Lauder Common Plantations	0	0	0	0	0	7,500
Land Refuse Tip (1) Grazings	0	0	0	0	0	0
Land Refuse Tip (2) Grazings	0	0	0	0	0	0
Calforward Park Grazings	(390)	(390)	(430)	(390)	(430)	(430)
Burnmill Woodland	0	0	0	0	0	0
Burnmill Area	0	0	0	0	0	0
Lauder Library (Old Jail)	0	0	0	0	0	0
Old Castleriggs Recreation Grnd	0	0	0	0	(230)	(230)
Lauder Public Hall (land only)	0	0	0	0	0	0
Lauder Public Toilets (land only)	0	0	0	0	0	0
Old 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	3,535
Lauder Burn Woodland	0	0	0	0	0	0
Property Expenditure (General)	0	0	0	200	0	0
Total	(10,715)	(10,715)	(3,713)	16,985	(10,985)	4,050

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
	£	£	£	£	£	£
Lauder Cemetery (Old)	0	0	0	0	0	0
Lauder War Memorial	0	0	0	0	0	0
Old Castleriggs Grazings	0	0	0	0	0	0
Burnmill Haugh	0	0	0	0	0	0
Raiths Acre & Chesters Acre	0	0	0	0	0	0
Lauder Golf Course	1,495	0	1,495	0	1,495	0
Lauder Town Hall	0	0	0	(213)	(213)	0
Lauder Common Farm	17,200	27,500	15,295	(2,863)	12,432	4,000
Lauder Common Farm Shootings	0	0	0	0	0	0
Lauder Common Plantations	0	0	0	0	0	7,500
Land Refuse Tip (1) Grazings	0	0	0	0	0	0
Land Refuse Tip (2) Grazings	0	0	0	0	0	0
Calfward Park Grazings	0	0	0	0	0	0
Burnmill Woodland	0	0	0	0	0	0
Burnmill Area	0	0	0	0	0	0
Lauder Library (Old Jail)	0	0	0	0	0	0
Old Castleriggs Recreation Grnd	0	0	0	0	0	0
Lauder Public Hall (land only)	0	0	0	0	0	0
Lauder Public Toilets (land only)	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	3,535
Lauder Burn Woodland	0	0	0	0	0	0
Property Expenditure (General)	200	200	0	0	0	0
Total	17,400	27,700	16,790	(3,076)	13,714	15,035

LAUDER COMMON GOOD FUND

APPENDIX 4

**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 £
Lauder Cemetery (Old)	0		0	0	0	0	0
Lauder War Memorial	0		0	0	0	0	0
Old Castleriggs Grazings	8,000		8,000	0	8,000	0	8,000
Burnmill Haugh	13,700		13,700	0	13,700	0	13,700
Raiths Acre & Chesters Acre	12,000		12,000	0	12,000	0	12,000
Lauder Golf Course	75,300		75,300	0	75,300	0	75,300
Lauder Town Hall	38,680	51,120	89,800	(17,040)	72,760	(17,040)	55,720
Lauder Common Farm	1,047,100	7,900	1,055,000	(2,633)	1,052,367	(2,633)	1,049,734
Lauder Common Farm Shootings	6,000		6,000	0	6,000	0	6,000
Lauder Common Plantations	16,000		16,000	0	16,000	0	16,000
Land Refuse Tip (1) Grazings	1,500		1,500	0	1,500	0	1,500
Land Refuse Tip (2) Grazings	1,750		1,750	0	1,750	0	1,750
Calfward Park Grazings	7,000		7,000	0	7,000	0	7,000
Burnmill Woodland	3,700		3,700	0	3,700	0	3,700
Burnmill Area	0		0	0	0	0	0
Lauder Library (Old Jail)	17,020	19,980	37,000	(6,660)	30,340	(6,660)	23,680
Old Castleriggs Recreation Grnd	0		0	0	0	0	0
Lauder Public Hall (land only)	121,100	(105,600)	15,500	0	15,500	0	15,500
Lauder Public Toilets (land only)	18,488	(17,688)	800	0	800	0	800
Old Pavilion Site	3,500		3,500	0	3,500	0	3,500
Pavilion	323,794	9,706	333,500	0	333,500	0	333,500
Lauder Play Park	0		0	0	0	0	0
Lauder Recreation Park	0		0	0	0	0	0
Total	1,714,632	(34,582)	1,680,050	(26,333)	1,653,717	(26,333)	1,627,384

Fixed Assets – Moveable Assets	Projected Net Book Value at 31/03/23
	£
Art & Artefacts – held in locations below:	0
<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

Fixed Assets – Land & Buildings (owned by the Common Good Fund but not included in the Balance Sheet)	Net Book Value at 01/04/22
	£
Lauder Public Hall (building only)	235,000
Lauder Public Toilets (building only)	24,000
Total	259,000

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)	180	175
Total Invested to 31 December 2022	230,652	249,699

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
31 December 2022	221,196
Increase/(Decrease) from Total Cash Invested	(28,503)

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