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## **MONITORING REPORT FOR 12 MONTHS TO 31 MARCH 2023**

**Report by Acting Chief Financial Officer**

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### **LAUDER COMMON GOOD FUND SUB-COMMITTEE**

**20 June 2023**

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#### **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 2022/23 including balance sheet values as at 31 March 2023, a full year projected out-turn for 2023/24 and projected balance sheet values as at 31 March 2024.**
- 1.2 Appendix 1 provides the actual income and expenditure position for 2022/23. This shows a deficit of £18,154 for the year, which is better than the surplus figure reported at the 21 February 2023 meeting, as a result of an increase in income due to the sale of carbon units.
- 1.3 Appendix 2 provides an actual balance sheet value as at 31 March 2023. It shows a decrease in reserves of £121,195.
- 1.4 Appendix 3a provides a breakdown of the property portfolio showing actual rental income and net return for 2022/23.
- 1.5 Appendix 3b provides a breakdown of the property portfolio showing actual property expenditure for 2022/23.
- 1.6 Appendix 4 provides a breakdown of the property portfolio showing actual property valuations at 31 March 2023.
- 1.7 Appendix 5 shows the value of the Aegon Asset Management Investment Fund to 31 March 2023.

#### **2 RECOMMENDATIONS**

- 2.1 I recommend that the Common Good Fund Sub-Committee:**
  - (a) Notes the actual income and expenditure for 2022/23 in Appendix 1;**
  - (b) Agrees the projected income and expenditure for 2023/24 in Appendix 1 as the revised budget for 2023/24;**
  - (c) Notes the final balance sheet value as at 31 March 2023 and projected balance sheet value as at 31 March 2024 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 2023 and projections to 31 March 2024. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2024.

### **4 FINANCIAL POSITION 2022/23**

4.1 Appendix 1 provides details on income and expenditure for the 2022/23 financial year, which resulted in a deficit of £18,154, as well as projections 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 final out-turn position shows an amount of (£136) relating to interest chargeable on cash held by SBC. Also included are dividends from the Common Good Funds investment in Aegon Asset Management amounting to £11,947 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 £225 which, along with the £62 received in March 2022, has been re-invested to purchase an additional 295 units. Rebate income received in March 2023 of £56 has been accounted for within income, but the corresponding 58 units were not purchased until April 2023.

#### **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 projected expenditure for 2023/24 is shown in Appendices 1 & 3b.
- (c) 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:

<b>Grant Recipients</b>	<b>Approved</b>	<b>£</b>
<b>Approved and Paid to 31 March 2023</b>		
Lauder Common Riding Association	29/06/21	1,121
<b>Total Paid to 31 March 2023</b>		<b>1,121</b>
<b>Total Budget 2022/23</b>		<b>10,500</b>
<b><i>(Unallocated)/Overallocated Budget</i></b>		<b><i>(9,379)</i></b>
<b>Approved but not yet paid</b>		
Lauderdale Community Council	21/03/23	3,000
<b>Total Grants Approved not paid</b>		<b>3,000</b>

#### 4.6 Income & Expenditure – Central Support Service Charge

The proposed charge for 2023/24 is currently estimated using a 2% uplift on the 2022/23 charge. This is subject to revision once the 2023/24 pay award is confirmed and a full Service Charge Review has been completed and approved by Council.

#### 4.7 Income & Expenditure – Depreciation Charge

The depreciation charge for the year is £72,176 an increase of £45,843 due to upward revaluations on the properties owned by the Common Good. 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 31 March 2023 and a projected balance sheet as at 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. The fixed assets were revalued at 1 April 2019. Appendix 4 shows the actual values of the individual properties at 31 March 2023, actual depreciation charges for 2022/23 and projected values at 31 March 2024.

#### 4.10 Balance Sheet – Investment Fund

The fund has an 11.69% 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 13.46% since investment in February 2018.

#### 4.11 Balance Sheet – Cash Balance

The cash held by the fund is (£9,267) at 31 March 2023 and is detailed below:

<b>Cash Balance</b>	<b>£</b>
<b>Opening Balance at 1 April 2022</b>	<b>16,595</b>
Projected deficit for year from Income & Expenditure Statement	(18,154)
Net movement in debtors / creditors	(7,421)
Rebate Investment in Aegon	(287)
<b>Projected Closing Balance at 31 March 2023</b>	<b>(9,267)</b>

#### 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 2023, 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**

### Author(s)

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### Background Papers:

**Previous Minute Reference:** Lauder Common Good Fund Sub-Committee  
21 February 2023

**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.

Contact us at Pension & Investment Team, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA.

Tel: 01835 824000

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

**APPENDIX 1**

	<b>Actuals at 31/03/23</b>	<b>Full Year Approved Budget 2022/23</b>	<b>Over/ (under) Spend 2022/23 £</b>	<b>Full Year Approved Budget 2023/24</b>	<b>Full Year Projected Budget 2023/24</b>	<b>Full Year prjoected Over/ (under) Spend 2022/23 £</b>	<b>Para Ref</b>	<b>Comments</b>
	<b>£</b>	<b>£</b>		<b>£</b>		<b>£</b>		
<b>Property Income</b>								
Rental Income	(10,511)	(10,715)	204	(10,985)	(10,985)		4.2	
<b>Non-Property Related Income</b>								
Interest on Cash deposited with Council	136	(200)	336	(200)	(200)			
Income from Other Bodies	(225)	(244)	19	(244)	(244)		4.3	
Investment Fund – Dividends Rec’d	(11,947)	(11,524)	(423)	(11,542)	(11,542)		4.3	Est 5% return
Misc income – Sale of Carbon Units	(38,750)	0	(38,750)	0	0			
Lauder Common Woodland Grant	(116,552)	(165,450)	48,898	0	0		4.4	
Lauderburn Woodland	0	0	0	0	0		4.4	
<b>Total Income</b>	<b>(177,849)</b>	<b>(188,133)</b>	<b>10,284</b>	<b>(22,971)</b>	<b>(22,971)</b>			
<b>Property Costs – General Woodland Schemes</b>	<b>33,029</b>	<b>27,700</b>	<b>5,329</b>	<b>15,035</b>	<b>15,035</b>		4.4	
Lauder Common Woodland	<b>150,373</b>	<b>162,048</b>	<b>(11,675)</b>	<b>0</b>	<b>0</b>		4.4	
Lauderburn Woodland	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		4.4	
<b>Grants &amp; Other Donations</b>	<b>1,121</b>	<b>10,500</b>	<b>(9,379)</b>	<b>5,900</b>	<b>5,900</b>		4.5	3 year average
<b>Central Support Service Charge</b>	<b>11,480</b>	<b>11,480</b>	<b>0</b>	<b>11,710</b>	<b>11,710</b>		4.6	Subject to review
<b>Depreciation</b>								
Depreciation Charge	72,176	26,333	45,843	26,333	72,176	45,843	4.7	
Contribution from Revaluation Reserve	(72,176)	(26,333)	(45,843)	(26,333)	(72,176)	(45,843)	4.7	
<b>Net impact of Depreciation on Revenue Reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Total Net (Surplus)/Deficit for year</b>	<b>18,154</b>	<b>23,595</b>	<b>(5,441)</b>	<b>9,674</b>	<b>9,674</b>	<b>0</b>		

## BALANCE SHEET VALUE AS AT 31 MARCH 2023

	Opening Balance at 01/04/22  £	Movement in Year  £	Closing Balance at 31/03/23  £	Projected Closing Balance at 31/03/24  £
<b>Fixed Assets</b>				
Land & Buildings	1,680,050	(72,176)	1,607,874	1,535,698
Heritable Assets	0	0	0	0
<b>Total Fixed Assets</b>	<b>1,680,050</b>	<b>(72,176)</b>	<b>1,607,874</b>	<b>1,535,698</b>
<b>Capital in Investment Funds</b>				
Investment Fund Book Value	249,524	287	249,811	250,098
Unrealised Gains/(Loss)	1,714	(30,865)	(29,151)	(29,151)
<b>Market Value</b>	<b>251,238</b>	<b>(30,578)</b>	<b>220,660</b>	<b>220,947</b>
<b>Long Term Debtors</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Current Assets</b>				
Debtors	10,416	(2,352)	8,064	8,064
Cash deposited with SBC	16,595	(25,862)	(9,267)	(19,228)
<b>Total Current Assets</b>	<b>27,011</b>	<b>(28,214)</b>	<b>(1,203)</b>	<b>(11,164)</b>
<b>Current Liabilities</b>				
Creditors	(9,993)	9,993	0	0
Receipts in Advance	(139)	(220)	(359)	(359)
<b>Total Current Liabilities</b>	<b>(10,132)</b>	<b>9,773</b>	<b>(359)</b>	<b>(359)</b>
<b>Net Assets</b>	<b>1,948,167</b>	<b>(121,195)</b>	<b>1,826,972</b>	<b>1,745,122</b>
<b>Funded by:</b>				
<b>Reserves</b>				
Revenue Reserve	(11,402)	18,154	6,752	16,426
Capital Reserve	(258,364)	30,865	(227,499)	(227,499)
Revaluation Reserve	(1,678,401)	72,176	(1,606,225)	(1,534,049)
<b>Total Reserves</b>	<b>(1,948,167)</b>	<b>121,195</b>	<b>(1,826,972)</b>	<b>(1,745,122)</b>



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

Rental Income – Land & Buildings	2022/23			2023/24	
	Approv'd Budget	Actuals as at 31/03/23	Actual Net (Return) /Loss	Proposed Budget	Proposed Net (Return) /Loss
	£	£	£	£	£
Lauder Cemetery (Old)	0	0	0	0	0
Lauder War Memorial	0	0	0	0	0
Old Castleriggs Grazings	(390)	(430)	(430)	(390)	(390)
Burnmill Haugh	0	0	0	0	0
Raiths Acre & Chesters Acre	(235)	(235)	(235)	(235)	(235)
Lauder Golf Course	0	0	1,544	0	0
Lauder Town Hall	0	0	307	0	0
Lauder Common Farm	(8,500)	(8,216)	22,899	(8,500)	(4,500)
Lauder Common Farm Shootings	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)
Lauder Common Plantations	0	0	0	0	7,500
Land Refuse Tip (1) Grazings	0	0	0	0	0
Land Refuse Tip (2) Grazings	0	0	0	0	0
Calforward Park Grazings	(390)	(430)	(430)	(430)	(430)
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	63	(230)	(230)
Lauder Public Hall (land only)	0	0	0	0	0
Lauder Public Toilets (land only)	0	0	0	0	0
Old 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	3,535
Lauder Burn Woodland	0	0	0	0	0
Property Expenditure (General)	0	0	0	0	0
<b>Total</b>	<b>(10,715)</b>	<b>(10,511)</b>	<b>22,518</b>	<b>(10,985)</b>	<b>4,050</b>

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

Property Expenditure Land & Buildings	2022/23				2023/24
	Approv'd Budget	Actual (Repair & Maint)	Actual (Other)	Actual Total	Proposed Budget
	£	£	£	£	£
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	1,495	49	1,544	0
Lauder Town Hall	0	0	307	307	0
Lauder Common Farm	27,500	30,939	176	31,115	4,000
Lauder Common Farm Shootings	0	0	0	0	0
Lauder Common Plantations	0	0	0	0	7,500
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	63	63	0
Lauder Public Hall (land only)	0	0	0	0	0
Lauder Public Toilets (land only)	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	3,535
Lauder Burn Woodland	0	0	0	0	0
Property Expenditure (General)	200	0	0	0	0
<b>Total</b>	<b>27,700</b>	<b>32,434</b>	<b>595</b>	<b>33,029</b>	<b>15,035</b>

**LAUDER COMMON GOOD FUND**

**APPENDIX 4**

**PROPERTY PORTFOLIO VALUATION FOR 2022/23**

**(Actul property valuation to 31 March 2023 and projected 31 March 2024)**

<b>Fixed Assets – Land &amp; Buildings</b>	<b>Net Book Value at 01/04/22</b>	<b>Revised Depn Charge 2022/23</b>	<b>Project'd Net Book Value at 31/03/23</b>	<b>Project'd Depn Charge 2023/24</b>	<b>Project'd Net Book Value at 31/03/24</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Lauder Cemetery (Old)	0	0	0	0	0
Lauder War Memorial	0	0	0	0	0
Old Castleriggs Grazings	8,000	0	8,000	0	8,000
Burnmill Haugh	13,700	0	13,700	0	13,700
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	89,800	(42,600)	47,200	(42,600)	4,600
Lauder Common Farm	1,055,000	(2,926)	1,052,074	(2,926)	1,049,148
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
Calfward Park Grazings	7,000	0	7,000	0	7,000
Burnmill Woodland	3,700	0	3,700	0	3,700
Burnmill Area	0	0	0	0	0
Lauder Library (Old Jail)	37,000	(16,650)	20,350	(16,650)	3,700
Old Castleriggs Recreation Grnd	0	0	0	0	0
Lauder Public Hall (land only)	15,500	0	15,500	0	15,500
Lauder Public Toilets (land only)	800	0	800	0	800
Old Pavilion Site	3,500	0	3,500	0	3,500
Pavilion	333,500	(10,000)	323,500	(10,000)	313,500
Lauder Play Park	0	0	0	0	0
Lauder Recreation Park	0	0	0	0	0
<b>Total</b>	<b>1,680,050</b>	<b>(72,176)</b>	<b>1,607,874</b>	<b>(72,176)</b>	<b>1,535,698</b>

<b>Fixed Assets – Moveable Assets</b>	<b>Net Book Value at 31/03/23  £</b>
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	
	<b>0</b>

<b>Fixed Assets – Land &amp; Buildings (owned by the Common Good Fund but not included in the Balance Sheet)</b>	<b>Net Book Value at 01/04/23 £</b>
Lauder Public Hall (building only)	235,000
Lauder Public Toilets (building only)	24,000
<b>Total</b>	<b>259,000</b>

**INVESTMENTS EXTERNALLY MANAGED**

<b>Cost of Investment</b>	<b>Units</b>	<b>£</b>
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)	295	287
<b>Total Invested to 31 March 2023</b>	<b>230,767</b>	<b>249,811</b>

<b>Value of Investment</b>	<b>£</b>
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
31 March 2023	220,660
<b>Increase/(Decrease) from Total Cash Invested</b>	<b>(29,151)</b>

<b>Return on Investment from inception</b>	<b>Capital Return %</b>	<b>Total Return %</b>
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
to 31 March 2023	-11.69	+13.46

