
MONITORING REPORT FOR 3 MONTHS TO 30 JUNE 2023

Report by Director of Finance & Procurement

GALASHIELS COMMON GOOD FUND SUB-COMMITTEE

21 September 2023

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Galashiels Common Good Fund for the three months to 30 June 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 projected income and expenditure position for 2023/24. This shows a projected surplus of £3,276 for the year.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2024. It shows a projected decrease in reserves of £71,399.
- 1.4 Appendix 3a provides a breakdown of the property portfolio showing projected rental income and projected net return for 2023/24 and actual property income to 30 June 2023.
- 1.5 Appendix 3b provides a breakdown of the property portfolio showing projected property expenditure for 2023/24 and actual property expenditure to 30 June 2023.
- 1.6 Appendix 4 provides a breakdown of the property portfolio showing projected property valuations at 31 March 2024.
- 1.7 Appendix 5 shows the value of the Aegon Asset Management Investment Fund to 30 June 2023.

2 RECOMMENDATIONS

- 2.1 I recommend that the Common Good Fund Sub-Committee:**
 - (a) Notes the actual income and expenditure for 2023/24 in Appendix 1;**
 - (b) Notes the projected balance sheet value as at 31 March 2024 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

This report provides the Committee with financial information for the period to 30 June 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 2023/24

4.1 Appendix 1 provides details on income and expenditure for the 2023/24 financial year. The projected net position for the year is a surplus of £3,276.

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 out-turn 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 £7,392, 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) Rebate income of £35 from Aegon Asset Management received in March 2023 along with the corresponding 37 units units purchased in April, was accounted for in 2022/23.

4.4 Income & Expenditure – Property Expenditure

(a) The property expenditure for 2023/24 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) Ladhope woodland planting maintenance is to be funded by the Penmanshiel Grant. This has been delayed until 2023/24. Financial details for 2023/24 will be included once Tweed Forum have supported a re-forecast of the budget.

(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 2024 are shown below:

Grant Recipients	Approved	£
Approved and Paid to 30 June 2023		0
Total Paid to 31 March 2024		0
Budget 2023/24		500
<i>(Unallocated)/Overallocated Budget</i>		<i>(500)</i>

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 projected depreciation charge for the year is £74,675. 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 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, projected depreciation charges for 2023/24 and projected values at 31 March 2024.

4.10 Balance Sheet – Investment Fund

The fund has a 11.30% 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 16.45% since investment in February 2018.

4.11 Balance Sheet – Cash Balance

The cash held by the fund is projected to be £21,505 at 31 March 2024 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2023	18,413
Projected surplus for year from Income & Expenditure Statement	3,276
Net cash movement in Debtors/Creditors	0
Rebate Investment in Aegon Asset Management	(184)
Projected Closing Balance as at 31 March 2024	21,505

4.12 Balance Sheet – Capital Reserve

The movement in the Capital Reserves include the unrealised loss 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 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 report 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
Director of Finance & Procurement

Author(s)

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Background Papers:

Previous Minute Reference: Galashiels Common Good Committee 15 June 2023

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GALASHIELS COMMON GOOD FUND

APPENDIX 1

PROJECTED INCOME AND EXPENDITURE 2023/24

	Actuals at 30/06/23	Full Year Approved Budget 2023/24	Full Year Projected Out-turn 2023/24	Projected Over/ (Under) Spend 2023/24	Para Ref	Comments
	£	£	£	£		
Property Income						
Rental Income	0	0	0		4.2	
Non-Property Related Income						
Interest on Cash deposited with Council	(0)	(30)	(30)		4.3	Est 5% return
Investment Funds – Dividends Rec'd	(1,145)	(7,392)	(7,392)		4.3	
Other Income	(0)	(160)	(160)			
Penmanshiel Fund (Tweed Forum)	(0)	(400)	(400)			
Total Income	(1,145)	(7,982)	(7,982)			
Property Expenditure						
Property Costs – General	0	1,500	1,500		4.4	
Tweed Forum (Penmanshiel Fund)	0	400	400			
Total Property Expenditure	0	1,900	1,900			
Grants & Other Donations	0	500	500		4.5	3 Year average
Central Support Service Charge	0	2,306	2,306		4.6	Subject to review
Depreciation						
Depreciation Charge	0	74,675	74,675		4.7	
Contribution from Revaluation Reserve	0	(74,675)	(74,675)		4.7	
Net impact of Depreciation on Revenue Reserve	0	0	0			
Total Net (Surplus)/Deficit for year	(1,145)	(3,276)	(3,276)			

PROJECTED BALANCE SHEET VALUE AS AT 31 MARCH 2024

	Opening Balance at 01/04/23 £	Projected Movement in Year £	Projected Closing Balance at 31/03/24 £
Fixed Assets			
Land & Buildings	661,925	(74,675)	587,250
Heritable Assets	0	0	
Total Fixed Assets	661,295	(74,675)	587,250
Capital in Investment Fund			
Investment Fund Book Value	159,987	184	160,171
Unrealised Gains/(Loss)	(18,661)	0	(18,661)
Market Value	141,326	184	141,510
Current Assets			
Debtors	443	0	443
Cash deposited with SBC	18,413	3,092	21,505
Total Current Assets	18,856	3,092	21,948
Current Liabilities			
Creditors	0	0	0
Total Current Liabilities	0	0	0
Net Assets	822,107	(71,399)	750,708
Funded by:			
Reserves			
Revenue Reserve	(29,114)	(3,276)	(32,390)
Capital Reserve	(284,394)	0	(284,394)
Revaluation Reserve	(508,599)	74,675	(433,924)
Total Reserves	(822,107)	71,399	(750,708)

PROPERTY PORTFOLIO PERFORMANCE FOR 2023/24
(Actual income to 30 June 2023 and projections to 31 March 2024)

Property Income – Land & Buildings	2023/24		2023/24	
	Approved Budget	Actuals as at 30/06/23	Approv'd Budget	Project'd Net (Return) /Loss
	£	£	£	£
Ladhope Drive Car Park	0	0	0	0
Old Gala House	0	0	0	0
Old Gala House–Community Centre	0	0	0	0
Old Gala House–Caretakers Flat	0	0	0	0
Ladhope Golf Course	0	0	0	1,500
Ladhope Woodland	0	0	0	0
Ladhope Glen Park	0	0	0	0
Ladhope Recreation Ground	0	0	0	0
Leabrae Park	0	0	0	0
Bank Street Gardens	0	0	0	0
Sir Walter Scott Statue	0	0	0	0
Mercat Cross	0	0	0	0
Amenity Ground at Haliburton Pl	0	0	0	0
Property Expenditure (General)	0	0	0	0
Total	0	0	0	1,500

PROPERTY PORTFOLIO PERFORMANCE FOR 2023/24
(Actual expenditure to 30 June 2023 and projections to 31 March 2024)

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

PROPERTY PORTFOLIO VALUATION FOR 2023/24
(Projected property valuation to 31 March 2024)

Fixed Assets – Land & Buildings	Net Book Value at 01/04/23	Project'd Depn Charge 2023/24	Project'd Net Book Value at 31/03/24
	£	£	£
Ladhope Drive Car Park	0	0	0
Old Gala House	293,062	(29,938)	263,124
Old Gala House-Community Centre	254,863	(34,737)	220,126
Old Gala House-Caretakers Flat	75,000	(10,000)	65,000
Ladhope Golf Course	23,000	0	23,000
Ladhope Woodland	16,000	0	16,000
Ladhope Glen Park	0	0	0
Ladhope Recreation Ground	0	0	0
Leabrae Park	0	0	0
Bank Street Gardens	0	0	0
Sir Walter Scott Statue	0	0	0
Mercat Cross	0	0	0
Amenity Ground at Haliburton Place	0	0	0
Total	661,925	(74,675)	587,250

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)	189	184
Total Invested To 30 June 2023	147,799	159,987

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
31 March 2023	141,326
30 June 2023	141,931
Increase/(Decrease) from Total Cash Invested	(18,056)

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
to 31 March 2023	-11.69	+13.46
to 30 June 2023	-11.30	+16.45