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## **MONITORING REPORT FOR 6 MONTHS TO 30 SEPTEMBER 2023**

**Report by Director of Finance & Procurement**

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

**7 December 2023**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 This report provides the details of the income and expenditure for the Galashiels Common Good Fund for the six months to 30 September 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 £3,186 for the year, which is less than the previously reported surplus on 21 September 2023, as a result of an increase in the grant & contribution budget.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2024. It shows a projected decrease in reserves of £71,489.
- 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 September 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 September 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 September 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 and the revised budget for 2023/24;**
  - (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 September 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 £3,186.

#### **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) Included within other income is a rebate from Aegon Asset Management of £35, which has been re-invested to purchase an additional 38 units.

#### **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:

<b>Grant Recipients</b>	<b>Approved</b>	<b>£</b>
<b>Approved and Paid to 30 September 2023</b>		
Galashiels Amateur Swimming Club	21/09/23	590
<b>Total Paid to 31 March 2024</b>		<b>590</b>
<b>Budget 2023/24</b>		<b>500</b>
<b><i>(Unallocated)/Overallocated Budget</i></b>		<b>90</b>

The grants budget has been increased by £90 - to cover the approved grant paid.

#### 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 13.16% 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 15.88% since investment in February 2018.

#### 4.11 Balance Sheet – Cash Balance

The cash held by the fund is projected to be £21,415 at 31 March 2024 and is detailed below:

<b>Cash Balance</b>	<b>£</b>
<b>Opening Balance at 1 April 2023</b>	<b>18,413</b>
Projected surplus for year from Income & Expenditure Statement	3,186
Net cash movement in Debtors/Creditors	0
Rebate Investment in Aegon Asset Management	(184)
<b>Projected Closing Balance as at 31 March 2024</b>	<b>21,415</b>

#### 4.12 Balance Sheet – Capital Reserve

The movement in the Capital Reserves includes 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)

Kirsten Robertson	Statutory Reporting & Treasury Business Partner – Tel: 01835 825506
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### Background Papers:

**Previous Minute Reference:** Galashiels Common Good Committee 21 September 2023

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Contact us at Corporate Finance, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA. Tel: 01835 824000 Fax: 01835 825166 Email: [t&cteam@scotborders.gov.uk](mailto:t&cteam@scotborders.gov.uk)

**GALASHIELS COMMON GOOD FUND**

**APPENDIX 1**

**PROJECTED INCOME AND EXPENDITURE 2023/24**

	<b>Actuals at 30/09/23</b>	<b>Full Year Approved Budget 2023/24</b>	<b>Full Year Projected Out-turn 2023/24</b>	<b>Projected Over/ (Under) Spend 2023/24</b>	<b>Para Ref</b>	<b>Comments</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>		
<b>Property Income</b>						
Rental Income	0	0	0		4.2	
<b>Non-Property Related Income</b>						
Interest on Cash deposited with Council	(0)	(30)	(30)		4.3	Est 5% return
Investment Funds – Dividends Rec'd	(4,080)	(7,392)	(7,392)		4.3	
Other Income	(35)	(160)	(160)			
Penmanshiel Fund (Tweed Forum)	(0)	(400)	(400)			
<b>Total Income</b>	<b>(4,115)</b>	<b>(7,982)</b>	<b>(7,982)</b>			
<b>Property Expenditure</b>						
Property Costs – General	425	1,500	1,500		4.4	
Tweed Forum (Penmanshiel Fund)	0	400	400			
<b>Total Property Expenditure</b>	<b>425</b>	<b>1,900</b>	<b>1,900</b>			
<b>Grants &amp; Other Donations</b>	<b>590</b>	<b>500</b>	<b>590</b>	<b>90</b>	4.5	3 Year average
<b>Central Support Service Charge</b>	<b>0</b>	<b>2,306</b>	<b>2,306</b>		4.6	Subject to review
<b>Depreciation</b>						
Depreciation Charge	0	74,675	74,675		4.7	
Contribution from Revaluation Reserve	0	(74,675)	(74,675)		4.7	
<b>Net impact of Depreciation on Revenue Reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>			
<b>Total Net (Surplus)/Deficit for year</b>	<b>(3,100)</b>	<b>(3,276)</b>	<b>(3,186)</b>	<b>90</b>		

## 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  £
<b>Fixed Assets</b>			
Land & Buildings	661,925	(74,675)	587,250
Heritable Assets	0	0	
<b>Total Fixed Assets</b>	<b>661,925</b>	<b>(74,675)</b>	<b>587,250</b>
<b>Capital in Investment Fund</b>			
Investment Fund Book Value	159,987	184	160,171
Unrealised Gains/(Loss)	(18,661)	0	(18,661)
<b>Market Value</b>	<b>141,326</b>	<b>184</b>	<b>141,510</b>
<b>Current Assets</b>			
Debtors	443	0	443
Cash deposited with SBC	18,413	3,002	21,415
<b>Total Current Assets</b>	<b>18,856</b>	<b>3,002</b>	<b>21,858</b>
<b>Current Liabilities</b>			
Creditors	0	0	0
<b>Total Current Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Assets</b>	<b>822,107</b>	<b>(71,489)</b>	<b>750,618</b>
<b>Funded by:</b>			
<b>Reserves</b>			
Revenue Reserve	(29,114)	(3,186)	(32,300)
Capital Reserve	(284,394)	0	(284,394)
Revaluation Reserve	(508,599)	74,675	(433,924)
<b>Total Reserves</b>	<b>(822,107)</b>	<b>71,489</b>	<b>(750,618)</b>

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

Property Income – Land & Buildings	2023/24		2023/24	
	Approved Budget	Actuals as at 30/09/23	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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,500</b>



## PROPERTY PORTFOLIO PERFORMANCE FOR 2023/24

(Actual expenditure to 30 September 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	425	0	425
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
<b>Total</b>	<b>1,500</b>	<b>425</b>	<b>0</b>	<b>425</b>

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

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

<b>Fixed Assets – Moveable Assets</b>
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)
<b>Total</b>

**INVESTMENTS EXTERNALLY MANAGED**

<b>Cost of Investment</b>	<b>Units</b>	<b>£</b>
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 – (2022-2023)	189	184
Aegon Fund Rebate – (2023-2024)	38	35
<b>Total Invested To 30 September 2023</b>	<b>147,837</b>	<b>160,022</b>

<b>Value of Investment</b>	<b>£</b>
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
30 September 2023	138,996
<b>Increase/(Decrease) from Total Cash Invested</b>	<b>(21,026)</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
to 30 June 2023	-11.30	+16.45
to 30 September 2023	-13.16	+15.88