
MONITORING REPORT FOR 6 MONTHS TO 30 SEPTEMBER 2023

Report by Director of Finance & Procurement

LAUDER COMMON GOOD FUND SUB-COMMITTEE

12 December 2023

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Lauder 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 deficit of £9,674 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 £81,850.
- 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;**
 - (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

3.1 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 deficit of £9,674.

4.2 Income & Expenditure – Property Income

Rental income for 2023/24 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 out-turn 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 £11,542, 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 £55, which has been re-invested to purchase an additional 59 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) 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 2024 are shown below:

Grant Recipients	Approved	£
Approved and Paid to 30 September 2023 Lauder Community Council. Resilience Group	21/03/23	3,000
Total Paid to 31 March 2024		3,000
Total Budget 2023/24		5,900
<i>(Unallocated)/Overallocated Budget</i>		<i>(2,900)</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 £72,176. 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 an 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 (£19,228) at 31 March 2024 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2023	(9,267)
Projected deficit for year from Income & Expenditure Statement	(9,674)
Net movement in debtors / creditors	(0)
Rebate Investment in Aegon	(287)
Projected Closing Balance at 31 March 2024	(19,228)

4.12 Balance Sheet – Capital Reserve

The movement in the Capital Reserves includes 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
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: Lauder Common Good Fund Sub-Committee
22 August 2023

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

Tel: 01835 824000

Fax: 01835 825166

Email: t&cteam@scotborders.gov.uk

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

APPENDIX 1

	Actuals at 30/09/23	Full Year Approved Budget 2023/24	Full Year Projected Budget 2023/24	Full Year projected Over/ (under) Spend 2023/24	Para Ref	Comments
	£	£	£	£		
Property Income						
Rental Income	(3,762)	(10,985)	(10,985)		4.2	
Non-Property Related Income						
Interest on Cash deposited with Council	(0)	(200)	(200)			
Income from Other Bodies	(55)	(244)	(244)		4.3	
Investment Fund – Dividends Rec'd	(6,370)	(11,542)	(11,542)		4.3	Est 5% return
Total Income	(10,187)	(22,971)	(22,971)			
Property Costs – General	6,335	15,035	15,035		4.4	
Grants & Other Donations	3,000	5,900	5,900		4.5	3 year average
Central Support Service Charge	0	11,710	11,710		4.6	Subject to review
Depreciation						
Depreciation Charge	0	72,176	72,176		4.7	
Contribution from Revaluation Reserve	0	(72,176)	(72,176)		4.7	
Net impact of Depreciation on Revenue Reserve	0	0	0			
Total Net (Surplus)/Deficit for year	(852)	9,674	9,674			

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	1,607,874	(72,176)	1,535,698
Heritable Assets	0	0	0
Total Fixed Assets	1,607,874	(72,176)	1,535,698
Capital in Investment Funds			
Investment Fund Book Value	249,811	287	250,098
Unrealised Gains/(Loss)	(29,151)	0	(29,151)
Market Value	220,660	287	220,947
Long Term Debtors	0	0	0
Current Assets			
Debtors	8,064	0	8,064
Cash deposited with SBC	(9,267)	(9,961)	(19,228)
Total Current Assets	(1,203)	(9,961)	(11,164)
Current Liabilities			
Creditors	0	0	0
Receipts in Advance	(359)	0	(359)
Total Current Liabilities	(359)	0	(359)
Net Assets	1,826,972	(81,850)	1,745,122
Funded by:			
Reserves			
Revenue Reserve	6,752	9,674	16,426
Capital Reserve	(227,499)	0	(227,499)
Revaluation Reserve	(1,606,225)	72,176	(1,534,049)
Total Reserves	(1,826,972)	81,850	(1,745,122)

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

Rental Income – Land & Buildings	2023/24			2023/24
	Approv'd Budget	Projected Budget	Actuals as at 30/09/23	Projected Net (Return) /Loss
	£	£	£	£
Lauder Cemetery (Old)	0	0	0	0
Lauder War Memorial	0	0	0	0
Old Castleriggs Grazings	(390)	(390)	(430)	(390)
Burnmill Haugh	0	0	0	0
Raiths Acre & Chesters Acre	(235)	(235)	81	(235)
Lauder Golf Course	0	0	0	0
Lauder Town Hall	0	0	0	0
Lauder Common Farm	(8,500)	(8,500)	(1,346)	(4,500)
Lauder Common Farm Shootings	(1,200)	(1,200)	(1,637)	(1,200)
Lauder Common Plantations	0	0	0	7,500
Land Refuse Tip (1) Grazings	0	0	0	0
Land Refuse Tip (2) Grazings	0	0	0	0
Calfward Park Grazings	(430)	(430)	(430)	(430)
Burnmill Woodland	0	0	0	0
Burnmill Area	0	0	0	0
Lauder Library (Old Jail)	0	0	0	0
Old Castleriggs Recreation Grnd	(230)	(230)	0	(230)
Lauder Public Hall (land only)	0	0	0	0
Lauder Public Toilets (land only)	0	0	0	0
Old Pavilion & Site	0	0	0	0
Lauder Play Park	0	0	0	0
Lauder Recreation Park	0	0	0	0
Lauder Hill	0	0	0	3,535
Lauder Burn Woodland	0	0	0	0
Property Expenditure (General)	0	0	0	0
Total	(10,985)	(10,985)	(3,762)	4,050

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
	£	£	£	£
Lauder Cemetery (Old)	0	0	0	0
Lauder War Memorial	0	0	0	0
Old Castleriggs Grazings	0	0	0	0
Burnmill Haugh	0	0	0	0
Raiths Acre & Chesters Acre	0	0	0	0
Lauder Golf Course	0	240	0	240
Lauder Town Hall	0	0	377	377
Lauder Common Farm	4,000	5,718	0	5,718
Lauder Common Farm Shootings	0	0	0	0
Lauder Common Plantations	7,500	0	0	0
Land Refuse Tip (1) Grazings	0	0	0	0
Land Refuse Tip (2) Grazings	0	0	0	0
Calfward Park Grazings	0	0	0	0
Burnmill Woodland	0	0	0	0
Burnmill Area	0	0	0	0
Lauder Library (Old Jail)	0	0	0	0
Old Castleriggs Recreation Grnd	0	0	0	0
Lauder Public Hall (land only)	0	0	0	0
Lauder Public Toilets (land only)	0	0	0	0
Pavilion & Site	0	0	0	0
Lauder Play Park	0	0	0	0
Lauder Recreation Park	0	0	0	0
Lauder Hill	3,535	0	0	0
Lauder Burn Woodland	0	0	0	0
Property Expenditure (General)	0	0	0	0
Total	15,035	5,958	377	6,335

LAUDER COMMON GOOD FUND

APPENDIX 4

**PROPERTY PORTFOLIO VALUATION FOR 2023/24
(Projected property valuation 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 £
Lauder Cemetery (Old)	0	0	
Lauder War Memorial	0	0	0
Old Castleriggs Grazings	8,000	0	8,000
Burnmill Haugh	13,700	0	13,700
Raiths Acre & Chesters Acre	12,000	0	12,000
Lauder Golf Course	75,300	0	75,300
Lauder Town Hall	47,200	(42,600)	4,600
Lauder Common Farm	1,052,074	(2,926)	1,049,148
Lauder Common Farm Shootings	6,000	0	6,000
Lauder Common Plantations	16,000	0	16,000
Land Refuse Tip (1) Grazings	1,500	0	1,500
Land Refuse Tip (2) Grazings	1,750	0	1,750
Calfward Park Grazings	7,000	0	7,000
Burnmill Woodland	3,700	0	3,700
Burnmill Area	0	0	0
Lauder Library (Old Jail)	20,350	(16,650)	3,700
Old Castleriggs Recreation Grnd	0	0	0
Lauder Public Hall (land only)	15,500	0	15,500
Lauder Public Toilets (land only)	800	0	800
Old Pavilion Site	3,500	0	3,500
Pavilion	323,500	(10,000)	313,500
Lauder Play Park	0	0	0
Lauder Recreation Park	0	0	
Total	1,607,874	(72,176)	1,535,698

Fixed Assets – Moveable Assets	Projected Net Book Value at 31/03/24 £
Art & Artefacts – held in locations below: <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
	0

Fixed Assets – Land & Buildings (owned by the Common Good Fund but not included in the Balance Sheet)	Projected Net Book Value at 31/03/24 £
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)	295	287
Aegon Fund Rebate – (2023-2024)	59	55
Total Invested to 30 September 2023	230,826	249,866

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
31 March 2023	220,660
30 June 2023	221,606
30 September 2023	217,022
Increase/(Decrease) from Total Cash Invested	(32,844)

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
to 30 September 2023	-13.16	+15.88

