
MONITORING REPORT FOR 9 MONTHS TO 31 DECEMBER 2023 AND PROPOSED BUDGET FOR FINANCIAL YEAR 2024/25

Report by Director of Finance & Procurement

GALASHIELS COMMON GOOD FUND SUB-COMMITTEE

21 MARCH 2024

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Galashiels Common Good Fund for the nine months to 31 December 2023, a full year projected out-turn for 2023/24, projected balance sheet values as at 31 March 2024 and proposed budget for 2024/25.**
- 1.2 Appendix 1 provides the projected income and expenditure position for 2023/24. This shows a projected surplus of £3,049 for the year, which is less than the previously reported surplus on 7 December 2023, as a result of an increase to the Central Support Charge.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2024. It shows a projected decrease in reserves of £71,626.
- 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 31 December 2023.
- 1.5 Appendix 3b provides a breakdown of the property portfolio showing projected property expenditure for 2023/24 and actual property expenditure to 31 December 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 31 December 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) Agrees the proposed budget for 2024/25 as shown in Appendix 1:**
 - (c) Notes the 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

This report provides the Committee with financial information for the period to 31 December 2023, projections to 31 March 2024 and proposed budgets for 2024/25. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2024 and 31 March 2025.

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 £3,049. Also included is the proposed budget for 2024/25.

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 £71, which has been re-invested to purchase an additional 76 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) The total proposed budget for 2024/25 is shown in Appendix 1.
- (c) 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.
- (d) 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 31 December 2023		
Galashiels Amateur Swimming Club	21/09/23	590
Total Paid to 31 March 2024		590
Budget 2023/24		590
<i>(Unallocated)/Overallocated Budget</i>		0

The budget for 2024/25 is proposed at £500, which is the average of the previous 3 years grant expenditure.

4.6 Income & Expenditure – Central Support Service Charge

The proposed charge for 2023/24 was estimated using a 2% uplift on the 2022/23 charge however, after confirmation of the 8.04% agreed pay award for 2023/24, an additional 6.04% has been added. The proposed charge for 2024/25 is currently estimated using a 3% uplift on the 2023/24 charge. A full Service Charge Review is due to be carried out in 2024/25.

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 as part of the Council's rolling programme. The fixed assets were revalued at 1 April 2019 and will next be revalued at 31 March 2025. 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; along with projected value as at 31 March 2025.

4.10 Balance Sheet – Investment Fund

The fund has an 8.34% unrealised loss in capital market value since investment, an improvement on last quarter following the continuing improvement of markets and taking account of the income received the fund has achieved a total return of 24.15% since investment in February 2018. The investment objective of the Fund is to generate income of 5% per annum with the potential for capital growth in the medium term. This is reflected in the asset allocation of the Fund with over 50% of the Fund being Bonds whose credit returns have improved following the markets anticipation of rate cuts.

4.11 Balance Sheet – Cash Balance

The cash held by the fund is projected to be £21,278 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	3,049
Net cash movement in Debtors/Creditors	0
Rebate Investment in Aegon Asset Management	(184)
Projected Closing Balance as at 31 March 2024	21,278

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)

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Background Papers:

Previous Minute Reference: Galashiels Common Good Committee 7 December 2023

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GALASHIELS COMMON GOOD FUND

APPENDIX 1

PROJECTED INCOME AND EXPENDITURE 2023/24 AND 2024/25

	Actuals at 31/12/23	Full Year Approved Budget 2023/24	Full Year Projected Out-turn 2023/24	Projected Over/ (Under) Spend 2023/24	Full Year Proposed Budget 2024/25	Para Ref	Comments
	£	£	£	£	£		
Property Income							
Rental Income	0	0	0		0	4.2	
Non-Property Related Income							
Interest on Cash deposited with Council	(0)	(30)	(30)		(30)	4.3	Est 5% return
Investment Funds – Dividends Rec’d	(6,344)	(7,392)	(7,392)		(7,400)	4.3	
Other Income	(71)	(160)	(160)		(160)		
Penmanshiel Fund (Tweed Forum)	(0)	(400)	(400)		0		
Total Income	(6,415)	(7,982)	(7,982)		(7,590)		
Property Expenditure							
Property Costs – General	725	1,500	1,500		1,500	4.4	
Tweed Forum (Penmanshiel Fund)	0	400	400		0		
Total Property Expenditure	725	1,900	1,900		1,500		
Grants & Other Donations	590	590	590		500	4.5	3 Year average
Central Support Service Charge	2,443	2,306	2,443	137	2,516	4.6	Subject to review
Depreciation							
Depreciation Charge	0	74,675	74,675		74,675	4.7	
Contribution from Revaluation Reserve	0	(74,675)	(74,675)		(74,675)	4.7	
Net impact of Depreciation on Revenue Reserve	0	0	0		0		
Total Net (Surplus)/Deficit for year	(2,657)	(3,186)	(3,049)	137	(3,074)		

PROJECTED BALANCE SHEET VALUE AS AT 31 MARCH 2024 AND MARCH 2025

	Opening Balance at 01/04/23 £	Projected Movement in Year £	Projected Closing Balance at 31/03/24 £	Projected Closing Balance at 31/03/25 £
Fixed Assets				
Land & Buildings	661,925	(74,675)	587,250	512,575
Heritable Assets	0	0		0
Total Fixed Assets	661,925	(74,675)	587,250	512,575
Capital in Investment Fund				
Investment Fund Book Value	159,987	184	160,171	160,355
Unrealised Gains/(Loss)	(18,661)	0	(18,661)	(18,661)
Market Value	141,326	184	141,510	141,694
Current Assets				
Debtors	443	0	443	443
Cash deposited with SBC	18,413	2,865	21,278	24,168
Total Current Assets	18,856	2,865	21,721	24,611
Current Liabilities				
Creditors	0	0	0	0
Total Current Liabilities	0	0	0	0
Net Assets	822,107	(71,626)	750,481	678,880
Funded by:				
Reserves				
Revenue Reserve	(29,114)	(3,049)	(32,163)	(35,237)
Capital Reserve	(284,394)	0	(284,394)	(284,394)
Revaluation Reserve	(508,599)	74,675	(433,924)	(359,249)
Total Reserves	(822,107)	71,626	(750,481)	(678,880)

PROPERTY PORTFOLIO PERFORMANCE FOR 2023/24
(Actual income to 31 December 2023 and projected to 2024/25)

Property Income – Land & Buildings	2023/24			2024/25	
	Approved Budget £	Actuals as at 30/09/23 £	Project'd Net (Return) /Loss £	Proposed Budget £	Proposed Net (Return) /Loss £
Ladhope Drive Car Park	0	0	0	0	0
Old Gala House	0	0	0	0	0
Old Gala House–Community Centre	0	0	0	0	0
Old Gala House–Caretakers Flat	0	0	0	0	0
Ladhope Golf Course	0	0	1,500	0	1,500
Ladhope Woodland	0	0	0	0	0
Ladhope Glen Park	0	0	0	0	0
Ladhope Recreation Ground	0	0	0	0	0
Leabrae Park	0	0	0	0	0
Bank Street Gardens	0	0	0	0	0
Sir Walter Scott Statue	0	0	0	0	0
Mercat Cross	0	0	0	0	0
Amenity Ground at Haliburton Pl	0	0	0	0	0
Property Expenditure (General)	0	0	0	0	0
Total	0	0	1,500	0	1,500

PROPERTY PORTFOLIO PERFORMANCE FOR 2023/24
(Actual expenditure to 31 December 2023 and projected to 2024/25)

Property Expenditure – Land & Buildings	2023/24				2024/25
	Approv'd Budget £	Actual (Repair & Maint) £	Actual (Other) £	Actual Total £	Proposed Budget £
Ladhope Drive Car Park	0	0	0	0	0
Old Gala House	0	0	0	0	0
Old Gala House–Community Centre	0	0	0	0	0
Old Gala House–Caretakers Flat	0	0	0	0	0
Ladhope Golf Course	1,500	725	0	725	1,500
Ladhope Woodland	0	0	0	0	0
Ladhope Glen Park	0	0	0	0	0
Ladhope Recreation Ground	0	0	0	0	0
Leabrae Park	0	0	0	0	0
Bank Street Gardens	0	0	0	0	0
Sir Walter Scott Statue	0	0	0	0	0
Mercat Cross	0	0	0	0	0
Amenity Ground at Haliburton Pl	0	0	0	0	0
Property Expenditure (General)	0	0	0	0	0
Total	1,500	725	0	725	1,500

**PROPERTY PORTFOLIO VALUATION FOR 2023/24
(Projected property valuation to 31 March 2024 and 31 March 2025)**

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	Project'd Depn Charge 2024/25	Project'd Net Book Value at 31/03/25
	£	£	£	£	£
Ladhope Drive Car Park	0	0	0	0	0
Old Gala House	293,062	(29,938)	263,124	(29,938)	233,186
Old Gala House-Community Centre	254,863	(34,737)	220,126	(34,737)	185,389
Old Gala House-Caretakers Flat	75,000	(10,000)	65,000	(10,000)	55,000
Ladhope Golf Course	23,000	0	23,000	0	23,000
Ladhope Woodland	16,000	0	16,000	0	16,000
Ladhope Glen Park	0	0	0	0	0
Ladhope Recreation Ground	0	0	0	0	0
Leabrae Park	0	0	0	0	0
Bank Street Gardens	0	0	0	0	0
Sir Walter Scott Statue	0	0	0	0	0
Mercat Cross	0	0	0	0	0
Amenity Ground at Haliburton Place	0	0	0	0	0
Total	661,925	(74,675)	587,250	(74,675)	512,575

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 – (2022-2023)	189	184
Aegon Fund Rebate – (2023-2024)	76	71
Total Invested To 30 September 2023	147,875	160,058

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
30 September 2023	138,996
31 December 2023	146,751
Increase/(Decrease) from Total Cash Invested	(13,307)

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
to 31 December 2023	-8.34	+24.15