

# Public Document Pack



## KELSO COMMON GOOD SUB-COMMITTEE WEDNESDAY, 7TH FEBRUARY, 2018

A MEETING of the KELSO COMMON GOOD SUB-COMMITTEE will be held in the MEETING ROOM 1, KELSO HIGH SCHOOL, ANGRAFLAT ROAD, KELSO on WEDNESDAY, 7TH FEBRUARY, 2018 at 4.30 PM

J. J. WILKINSON,  
Clerk to the Council,

31 January 2018

<b>BUSINESS</b>		
1.	<b>Apologies for Absence</b>	
2.	<b>Order of Business</b>	
3.	<b>Declaration of Interests.</b>	
4.	<b>Minute.</b> (Pages 3 - 4)  Minute of Meeting of 6 December 2017 to be agreed and signed. (Copy attached.)	2 mins
5.	<b>Update on Pinnaclehill Woodland</b>	10 mins
6.	<b>Monitoring Report for 9 months to 31 December 2017</b> (Pages 5 - 14)  Consider report by Chief Financial Officer. (Copy attached.)	20 mins
7.	<b>Application for Financial Assistance</b> (Pages 15 - 18)  Consider a request for financial assistance received from Kelso Christmas Decoration Fund. (Copy attached.)	15 mins
8.	<b>Any Other Items Previously Circulated.</b>	
9.	<b>Any Other Items which the Chairman Decides are Urgent.</b>	

## **NOTES**

- 1. Timings given above are only indicative and not intended to inhibit Members' discussions.**
- 2. Members are reminded that, if they have a pecuniary or non-pecuniary interest in any item of business coming before the meeting, that interest should be declared prior to commencement of discussion on that item. Such declaration will be recorded in the Minute of the meeting.**

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**Membership of Committee:-** Councillors T. Weatherston (Chairman), S. Mountford, E. Robson and Community Councillor D. Weatherston.

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Please direct any enquiries to Fiona Henderson, Democratic Services Officer Tel: 01835826502  
fhenderson@scotborders.gov.uk

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**SCOTTISH BORDERS COUNCIL**  
**KELSO COMMON GOOD FUND SUB-COMMITTEE**

MINUTE of MEETING of the KELSO COMMON  
GOOD FUND SUB-COMMITTEE held in the  
COUNCIL CHAMBER, COUNCIL  
HEADQUARTERS, NEWTOWN ST BOSWELLS on  
Wednesday, 6 December 2017 at 11.00 a.m.

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Present:- Councillors S. Mountford, E. Robson, Community Councillor C. McGrath.  
Apologies:- Councillor T. Weatherston.  
In Attendance:- Capital and Investments Manager, Solicitor (Karen Scrymgeour), Democratic  
Services Officer (F. Henderson).  
Members of the Public:- 0.

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**1.0 CHAIRMAN**

1.1 In the absence of Councillor Weatherston the meeting was chaired by Councillor Mountford.

**2.0 MINUTE**

2.1 There had been circulated copies of the Minute of the Kelso Common Good Fund Sub-Committee held on 7 November 2017.

**DECISION**

**AGREED to note the Minutes for signature by the Chairman.**

**3.0 UPDATE – PINNACLEHILL WOODLANDS**

3.1 With reference to paragraph 3 of the Minute of 21 June 2017, the Chairman sought an update on the progress of the work to be undertaken. The Democratic Services Officer advised that she would seek an update from the Estates Manager and report back to the next meeting.

**DECISION**

**AGREED that the Democratic Services Officer would seek an update from the Estates Manager and report back to the next meeting.**

**4.0 MONITORING REPORT FOR 3 MONTHS TO 30 SEPTEMBER 2017**

4.1 There had been circulated copies of a report by the Chief Financial Officer which provided the income and expenditure for the Kelso Common Good for the six months to 30 September 2017 and full year projected out-turn for 2017/18 and projected balance sheet values as at 31 March 2018. Appendix 1 provided the projected income and expenditure position for 2017/18 which showed a surplus of £847. Appendix 2 provided the balance sheet value to 31 March 2018 and showed a decrease in reserves of £41,653. Appendix 3 provided a breakdown of the property portfolio showing projected depreciation charges and actual property expenditure to 30 September 2017. Appendix 4 showed the value of the Newton Fund to 30 September 2017. The Capital and Investments Manager advised that the Newton Fund had once again delivered a negative return (-0.6% against benchmark of +1.1) in the quarter to 30 September 2017. General hedging against risk within the portfolio had contributed to this negative return and negative returns from corporate and government bonds were also seen. Equities within the fund generated positive returns, but underperformed against broader equity markets which were driven by cyclical factors. Importantly, this negative quarterly return had resulted in a 5 year rolling return which was below the 5 year benchmark, which the fund was ultimately measured against (3.6% against benchmark of 4.4%). The fund has delivered below benchmark performance in the last 5 quarters. Scottish Borders Council approved the commencement of a procurement exercise to ensure the funds are managed by the Fund Manager best aligned to the Common Good & Trust Investment Strategy. The outcome of the procurement exercise will be reported to Scottish Borders Council on 21 December 2017 for final approval. The next dividend was due on 31 December 2018 and it was anticipated

that the Fund would move after that. There would be a Trustees meeting and workshops for Elected Members in August 2018.

## **DECISION**

- (a) AGREED the projected income and expenditure for 2017/18 as shown in Appendix 1 to the report.**
- (b) NOTED:-**
  - (i) The projected balance sheet value as at 31 March 2018 in Appendix 2 of the report;**
  - (ii) the summary of the property portfolio in Appendix 3 of the report;**
  - (iii) the current position of the investment in the Newton Fund contained in Appendix 4 of the report.**

## **DECLARATION OF INTEREST**

Councillor Mountford declared an interest in the following item of business in terms of Section 5 of the Councillors Code of Conduct and took no part in the discussion.

### **5.0 APPLICATIONS FOR FINANCIAL ASSISTANCE**

#### **5.1 KELSO CHRISTMAS DECORATION FUND**

As Councillor Mountford had declared an interest, the meeting was no longer quorate for this item of business and therefore a decision could not be made. The application was therefore deferred to a future meeting of the Common Good Fund Sub-Committee.

#### **5.2 KELSO OVER 60S CLUB**

There had been circulated copies of an application for Financial Assistance from Kelso Over 60s Club. It was explained that the Club provided Outings, Entertainment and an Annual Christmas Dinner for Over 60s within the Kelso area. The application presented to the Sub-Committee was a request for £400 towards the cost of the Annual Christmas Dinner. The Sub-Committee were of the opinion that the application lacked detail on the number of members benefiting from the Christmas Dinner and whether there were any fundraising activities or applications made to other funding streams. Following some discussion, the Sub-Committee agreed to award the sum of £400 towards the 2017 Christmas Dinner and to advise the Club that although future applications would be considered, the Common Good Fund Sub-Committee was unable to guarantee financial assistance on an annual basis.

## **DECISION**

### **AGREED:-**

- (a) to support the application for financial assistance for Kelso Over 60s Club in the sum of £400 towards the costs of the Annual Christmas Dinner in 2017;**
- (b) that although future applications would be considered from the Over 60s Club, the Common Good Fund Sub-Committee was unable to guarantee financial assistance on an annual basis; and**
- (c) that future applications contain more detail i.e. information on the number of members, fundraising events, subscription per person etc.**

*The meeting closed at 11.20 a.m.*

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## **Monitoring Report for 9 Months to 31 December 2017**

**Report by the Chief Financial Officer**

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### **KELSO COMMON GOOD SUB-COMMITTEE**

**7 February 2018**

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

- 1.1 This report provides the details of the income and expenditure for the Kelso Common Good Fund for the six months to 31 December 2017 and full year projected out-turn for 2017/18 and projected balance sheet values as at 31 March 2018.**
- 1.2 Appendix 1 provides a projected income and expenditure position. This shows a projected surplus of £347.
- 1.3 Appendix 2 provides a projected balance sheet to 31 March 2018. It shows a projected decrease in the reserves of £42,153.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing projected depreciation charges and actual property expenditure to 31 December 2017.
- 1.5 Appendix 4 shows the value of the Newton Fund to 31 December 2017.

#### **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Common Good Sub-Committee:**
  - (a) Agrees the projected Income and Expenditure for 2017/18 in Appendix 1 as the revised budget for 2017/18;**
  - (b) Notes the projected balance sheet value as at 31 March 2018 in Appendix 2;**
  - (c) Notes the summary of the property portfolio in Appendix 3; and**
  - (d) Notes the current position of the investment in the Newton Fund in Appendix 4.**

### 3 BACKGROUND

3.1 This report provides the Committee with financial information for the period to 31 December 2017 and projections to 31 March 2018. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2018.

### 4 FINANCIAL POSITION 2017/18

4.1 Appendix 1 provides detail on income and expenditure for the 2017/18 financial year. The projected net position for the year is a surplus of £347.

#### 4.2 Income & Expenditure – Rental Income

There is no Rental Income from the properties owned by the Common Good.

#### 4.3 Income & Expenditure – Non-Property Related Income

The projected out-turn includes an estimate for the interest receivable on cash deposited with the Council. This, however, does not show as an actual income until the end of the financial year as amount is dependent on interest rates and the average cash revenue balance invested with the Council over the full financial year. The annual rate of interest applied to the cash deposits is expected to be around 0.30%.

4.4 The capital reserve is invested in the Newton Fund and distributions are made twice a year in September and February. The first of two annual Dividends (£3,392) shown in the actuals in Appendix 1. The proposed budget for 2017/18 is based on a distribution of 2.4% which will be subject to the overall performance of the fund. It is anticipated that the second dividend will be in line with the annual proposed budget.

#### 4.5 Income & Expenditure – Property Expenditure

A cost of £1,000 is projected to be spent this year on fence repairs at Pinnaclehill Woodlands. It is anticipated that a 50% contribution of £500 will be received from the adjoining landowner and that this work will be carried out this financial year. This cost has been included in the projected outturn in Appendix 1.

#### 4.6 Income & Expenditure – Grants & Other Donations

Details of grants approved and paid are shown in the table below. At the meeting on 06 December 2017, an application from the Kelso Christmas Decoration Fund was deferred and will be considered at the meeting on 07 February 2018.

<b>Grant Recipients</b>	<b>Approved</b>	<b>£</b>
<b>Approved and Paid to 31 December 2017</b>		
Roxburgh Street Traders	07/11/17	1000
Kelso Over 60's Club	06/12/17	400
<b>Total Paid to 31 December 2017</b>		<b>1400</b>
<b>Approved but not yet paid</b>		0
<b>Total Grants Approved</b>		<b>1,400</b>
<b>Budget 2017/18</b>		<b>4,500</b>
<b>Unallocated/(Overallocated ) Budget</b>		<b>3,100</b>

#### 4.7 **Income & Expenditure – Depreciation Charge**

The depreciation charge is projected to be £42,500. 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 balance sheet value as at 31 March 2017, the projected movement in year and a projected balance as at 31 March 2018.

#### 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 2014. Appendix 3 shows the values of the individual properties at 31 March 2017, projected depreciation charges for 2017/18 and projected value as at 31 March 2018.

#### 4.10 **Balance Sheet – Newton Investment**

- (a) The fund produced a positive return in the quarter to 31 December 2017, albeit below its benchmark (0.4% against benchmark of 1.1%). This return was largely driven by strong equity performances, but again, hedging against losses came at a cost and negated some of the returns achieved.
- (b) For the second consecutive quarter the 5 year annualised return, which the fund is ultimately measured against is below benchmark (4.1% against 4.4%).
- (c) Following the Council approved procurement exercise undertaken in November 2017, Kames Capital has been appointed as a new Fund Manager for Common Good and Trust Fund investments. Kames Capital offer a Diversified Income Fund, designed to give the same capital preservation and divided income structure but with a track record of better returns on capital and dividend income. The appointment of this Fund Manager is in line with the Common Good & Trusts Investment Strategy and was approved at Council on 21 December 2017.
- (d) The transfer of investments from Newton to Kames will be carried out as soon as possible. The market value of the Newton Investment at this time will result in a gain or loss on investment with Newton. The full balance disinvested from Newton will be invested with Kames Capital.

#### 4.11 **Balance Sheet – Cash Balance**

The cash held by the fund is projected to be £38,171 at 31 March 2018 and is detailed below:

<b>Cash Balance</b>	<b>£</b>
<b>Opening Balance at 1 April 2017</b>	<b>37,324</b>
Projected Surplus/(Deficit) for year from Income & Expenditure Statement	347
<b>Projected Closing Balance as at 31 March 2018</b>	<b>37,671</b>

#### 4.12 **Balance Sheet – Capital Reserve**

The projections for the Capital Reserves include the unrealised gain for the Newton Fund as at 31 March 2017 but due to the nature of the markets no estimate has been made for the current years' movement.

**5 IMPLICATIONS**

**5.1 Financial**

In addition to the financial implications explained above in Section 4, costs incurred in the procurement of a new Investment Fund Manager will be apportioned on a pro-rata basis per the report approved at Council on 21 December 2017.

**5.2 Risk and Mitigations**

There is a risk that investments in the Newton 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 Equalities**

It is anticipated that there are no adverse equality implications arising from the proposals contained in this report.

**5.4 Acting Sustainably**

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 Carbon Management**

There are no effects on carbon emissions 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 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 Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Service Director HR and the Clerk to the Council have been consulted and their appropriate comments have been incorporated into this report.

**Approved by**

**David Robertson  
Chief Financial Officer**

**Signature .....**



**Author(s)**

Kirsty Robb John Yallop	Capital and Investments Manager Tel: 01835 825249 Senior Finance Officer – Treasury & Investments Tel: 01835 824000 Extn 5933
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**Background Papers:**

**Previous Minute Reference:** Kelso Common Good Committee 06 December 2017

**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 Corporate Finance, Council Headquarters, Newtown St Boswells,  
Melrose, TD6 0SA.

Tel: 01835 824000

Fax: 01835 825166

Email: [treasuryteam@scotborders.gov.uk](mailto:treasuryteam@scotborders.gov.uk)

## KELSO COMMON GOOD FUND

## INCOME AND EXPENDITURE 2017/18

	Out-turn 2016/17	Actuals at 31/12/17	Full Year Approved Budget 2017/18	Full Year Projected Out-turn 2017/18	Full Year Projected Over/ (Under) Spend £	Para Ref
	£	£	£	£	£	
<b>Non-Property Related Income</b>						
Interest on Cash deposited with Council	(107)	0	(86)	(86)	0	4.3
Newton Fund Investment – Dividends Rec'd	(6,432)	(3,392)	(6,093)	(6,093)	0	4.4
<b>Total Income</b>	<b>(6,179)</b>	<b>(3,392)</b>	<b>(6,179)</b>	<b>(6,179)</b>	<b>0</b>	
<b>Property Expenditure</b>						
Property Costs – General	0	0	0	500	500	4.5
<b>Total Property Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500</b>	<b>500</b>	
<b>Grants &amp; Other Donations</b>	<b>4,650</b>	<b>1,400</b>	<b>4,500</b>	<b>4,500</b>	<b>0</b>	4.6
<b>Running Costs</b>						
Central Support Service Charge	1,645	1,645	1,645	1,645	0	
SBC Grant towards Service Charge	(813)	(813)	(813)	(813)	0	
<b>Net Running Costs</b>	<b>832</b>	<b>832</b>	<b>832</b>	<b>832</b>	<b>0</b>	
<b>Depreciation</b>						
Depreciation Charge	42,500	0	42,500	42,500	0	4.7
Contribution from Revaluation Reserve	(42,500)	0	(42,500)	(42,500)	0	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>Total Net (Surplus)/Deficit for year</b>	<b>(1,056)</b>	<b>(1,160)</b>	<b>(847)</b>	<b>(347)</b>	<b>500</b>	

## KELSO COMMON GOOD FUND

## PROJECTED BALANCE SHEET VALUE AT 31 March 2018

	Opening Balance at 01/04/17 £	Projected Movement in Year £	Projected Balance at 31/03/18 £
<b>Fixed Assets</b>			
Land & Buildings	779,200	(42,500)	736,700
Moveable Assets	19,080	0	19,080
Feu Duties	0	0	0
<b>Total Fixed Assets</b>	<b>798,280</b>	<b>(42,500)</b>	<b>755,780</b>
<b>Capital in Newton Investment Fund</b>			
Investment in Newton Fund	246,112	0	246,112
Unrealised Gains/(Loss)	7,752	0	7,752
<b>Market Value</b>	<b>253,864</b>	<b>0</b>	<b>253,864</b>
<b>Current Assets</b>			
Debtors	0	0	0
Cash deposited with SBC	37,324	347	37,671
	<b>37,324</b>	<b>347</b>	<b>37,671</b>
<b>Current Liabilities</b>			
Creditors	0	0	0
Receipts in Advance	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Assets</b>	<b>1,089,468</b>	<b>(42,153)</b>	<b>1,047,315</b>
<b>Funded by:</b>			
<b>Reserves</b>			
Revenue Reserve	(37,324)	(347)	(37,671)
Capital Reserve	(253,864)	0	(253,864)
Revaluation Reserve	(798,280)	42,500	(755,780)
<b>Total Reserves</b>	<b>(1,089,468)</b>	<b>42,153</b>	<b>(1,047,315)</b>

**KELSO COMMON GOOD FUND**

**PROPERTY PORTFOLIO PERFORMANCE FOR 2017/18  
(Actual Income and Expenditure to 31 December 2017)**

Fixed Assets – Land & Buildings	Net Book Value at 31/03/17  £	Projected Depn Charge 2017/18  £	Projected Net Book Value at 31/03/18  £	Projected Rental Income 2017/18  £	Actual Property Expenditure at 30/09/17				
					Repairs  £	Rates, Water & Power  £	Ins  £	Other  £	Total  £
Tait Hall	772,500	42,500	730,000	0	0	0	0	0	0
Pinnaclehill Woodlands	6,700	0	6,700	0	0	0	0	0	0
<b>Total</b>	<b>779,200</b>	<b>42,500</b>	<b>736,700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Fixed Assets – Moveable Assets  £	Net Book Value at 31/03/17  £
Silver Bowl & Salver	19,080
<b>Total</b>	<b>19,080</b>

**KELSO COMMON GOOD FUND****INVESTMENTS EXTERNALLY MANAGED IN NEWTON REAL RETURN FUND**

<b>Cost of Investment</b>	<b>Units</b>	<b>£</b>
Initial Investment - 13 December 2013	72,185	134,964
Further 2013-14 Investments	58,841	111,148
<b>Total Invested to 30 September 2017</b>	<b>131,026</b>	<b>246,112</b>

<b>Value of Investment</b>	<b>£</b>
31 March 2017	254,913
30 June 2017	256,721
30 September 2017	250,903
31 December 2017	251,576
31 March 2018	
<b>Increase/(Decrease) from Total Cash Invested</b>	<b>5,464</b>

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Chief Executive

23 OCT 2017

Democratic Services



**KELSO COMMON GOOD FUND  
APPLICATION FOR FINANCIAL ASSISTANCE**

<p><u>Applicant Details</u> Name and Address of Applicant/Organisation:</p>	<p>KELSO CHRISTMAS DECORATION FUND</p>
<p>Telephone No:</p>	<p>01573 224756</p>
<p>Address to which payment should be made:</p>	<p>23 ROXBURGH STREET KELSO TD5 7DN</p>
<p><u>Activities</u> Please supply a brief description of the activities of your organisation and the benefits it brings to the local community:</p>	<p>THE COMMITTEE ORGANISES ALL THE FINANCES FOR THE LIGHTS.</p>
<p><u>Assistance Requested</u> Please indicate the sum requested and the purpose for which it will be used:</p>	<p>£750 AS PER PAST YEARS</p>
<p>When will the donation be required:</p>	<p>WHEN THE A/Cs COME IN AFTER NEW YEAR</p>
<p>If this is a one-off project then please give the following details –</p> <p>Date (s):</p> <p>Estimated total cost:</p> <p>Funds already raised by applicant's own efforts:</p> <p>Funds raised or expected to be raised from other sources (please state sources):</p>	

Other information

If you have other information which you feel is relevant to this application please provide details including details of any previous assistance given:

Declaration

I hereby make application for assistance as set out above and certify that the information I have provided is accurate

Signed:

Position Held:

*J. Henderson*

Date:

*20/10/17*

**Note: All applications from organisations MUST be accompanied by a copy of the latest audited accounts**

This completed form, accounts and any supporting details should be submitted to Fiona Henderson Democratic Services Officer, Scottish Borders Council, Council Headquarters, Newtown St Boswells, TD6 0SA. Telephone 01835 826502 or [fhenderson@scotborders.gov.uk](mailto:fhenderson@scotborders.gov.uk)



**Kelso Christmas Decorations Fund**

**Income and Expenditure for Period to 31st March 2017**

<b>2016</b>	<b>INCOME</b>	<b>2017</b>
13,525.55	Balance in Treasurer's A/C	16,660.77
2,425.00	Sponsors and Supporters (inc. donations from CBAH)	2,470.00
2,315.00	Electricity Charges (Traders)	2,245.00
750.00	SBC Common Good Fund	750.00
<b>19,015.55</b>		<b>22,125.77</b>
<b>19,015.55</b>		<b>22,125.77</b>

<b>2016</b>	<b>EXPENDITURE</b>	<b>2017</b>
2,315.00	Cost of erecting and removing Lights	2,470.00
0.00	Cost of Electricity	0.00
39.78	Miscellaneous	5.99
0.00	Donations to Kelso Community Events	0.00
<b>2,354.78</b>		<b>2,475.99</b>
<b>16,660.77</b>	Balance in Treasurer's A/C	<b>19,649.78</b>
<b>19,015.55</b>		<b>22,125.77</b>

Audited and found correct to documents presented

Independent Examiner \_\_\_\_\_

Chairman \_\_\_\_\_

Treasurer \_\_\_\_\_

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