

---

## **MONITORING REPORT FOR 9 MONTHS TO 31 DECEMBER 2018**

### **Report by the Chief Financial Officer SELKIRK COMMON GOOD SUB-COMMITTEE**

---

**13 February 2019**

---

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

- 1.1 This report provides the details of the income and expenditure for the Selkirk Common Good Fund for the nine months to 31 December 2018, a full year projected out-turn for 2018/19 and projected balance sheet values as at 31 March 2019.**
- 1.2 Appendix 1 provides the projected income and expenditure position. This shows a projected deficit of £37,067 for the year.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2019. It shows a projected decrease in reserves of £105,025.
- 1.4 Appendix 3 provides a breakdown of the property portfolio showing projected rental income for 2018/19 and actual property expenditure to 31 December 2018.
- 1.5 Appendix 4 shows the value of the Kames Capital Investment Fund to 31 December 2018.

#### **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Common Good Sub-Committee:**
  - (a) Agrees the projected income and expenditure for 2018/19 in Appendix 1 as the revised budget for 2018/19;**
  - (b) Notes the projected balance sheet value as at 31 March 2019 in Appendix 2;**
  - (c) Notes the summary of the property portfolio in Appendix 3;**
  - (d) Notes the current position of the Kames Capital Investment Fund in Appendix 4.**

### 3 BACKGROUND

3.1 This report provides the Committee with financial information for the period December 2018 and projections to 31 March 2019. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2019.

### 4 FINANCIAL POSITION 2018/19

4.1 Appendix 1 provides details on income and expenditure for the 2018/19 financial year. The projected net position for the year is a deficit of £37,067.

#### 4.2 Income & Expenditure – Rental Income

Rental income for 2018/19 is shown in Appendices 1 & 3, with Appendix 3 detailing the projected annual rental income by individual property.

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

The projected outturn position shows an amount of £133 relating to interest receivable on cash held by SBC. Also included are dividends from the Common Good Funds investment in Kames Capital amounting to £11,568. Dividends earned to date amount to £10,054 which is in line with the overall 5% target and the monthly distribution profile projections provided by Kames. A disinvestment of £40,000 is required to fund the deficit for the year. This is estimated to reduce the income by £400 giving a revised budget of £11,168.

#### 4.4 Income & Expenditure – Property Expenditure

The property expenditure to 31 December 2018 is detailed in Appendix 3 by property. The annual fee to the Hill Warden Management Company has been incorrectly allocated in previous years to grants. The Hill Warden Management Company is paid a fee to manage the Hill on behalf of the Fund and is therefore property expenditure. The budget project has been updated to allow for the works to the clock face agreed 6<sup>th</sup> March 2018.

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

(a) The grants and other donations approved and distributed to 31 December 2018 are shown below including the approved budget.

| <b>Grant Recipients</b>                      | <b>Approved</b> | <b>£</b>        |
|--|-----------------|-----------------|
| <b>Approved and Paid to 31 December 2018</b> |                 |                 |
| Scott's Selkirk Association                  | 12/09/2018      | 7,920           |
| Selkirk Silver Band                          |                 | 1,500           |
| <b>Total Paid to 31 December 2018</b>        |                 | <b>9,420</b>    |
| <b>Approved but not yet paid</b>             |                 | <b>0</b>        |
| <b>Total Grants Approved</b>                 |                 | <b>9,420</b>    |
| <b>Budget 2018/19</b>                        |                 | <b>22,000</b>   |
| <b>Unallocated/(Overallocated) Budget</b>    |                 | <b>(12,580)</b> |

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

The depreciation charge is projected to be £67,958. This is not a cash transaction and is off-set by a corresponding contribution from the Revaluation reserve.

4.7 Appendix 2 provides the balance sheet value to 31 March 2018, the projected movement in year and a projected balance as at 31 March 2019.

#### 4.8 **Balance Sheet – Fixed Assets**

All fixed assets of the Common Good Fund are revalued every five 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 2018, projected depreciation charges 2018/19 and projected value at 31 March 2019.

#### 4.9 **Balance Sheet – Kames Capital Investment Fund**

(a) A disinvestment of £40,000 is required due to the projected deficit position. The disinvestment will be actioned during February.

(b) The fund has a 2.30% 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 2.05% for the year.

#### 4.10 **Balance Sheet – Cash Balance**

The cash held by the fund is projected to be £11,949 at 31 March 2019 and is detailed below:

| <b>Cash Balance</b>                                     | <b>£</b>      |
|---|---------------|
| <b>Opening Balance at 1 April 2018</b>                  | <b>84,016</b> |
| Projected surplus/(deficit) for year from I&E Statement | (37,067)      |
| Investment in Kames                                     | (75,000)      |
| Disinvestment in Kames                                  | 40,000        |
| <b>Projected Closing Balance at 31 March 2019</b>       | <b>11,949</b> |

#### 4.11 **Balance Sheet – Capital Reserve**

The projections for the Capital Reserves include the unrealised gain for the Kames Capital Investment Fund as at 31 March 2019 but due to the nature of the markets no estimate has been made for the current 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 Kames Capital Investment 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, Communications 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<br>Judith Whellans | Pensions & Investments Manager Tel: 01835 825249<br>Finance Technician – Treasury & Investments<br>Tel: 01835 824000 Extn 5901 |
|--------------------------------|--|

**Background Papers:**

**Previous Minute Reference:** Selkirk Common Good Committee 12 December 2018

**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 Pension & Investments, 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)

## SELKIRK COMMON GOOD FUND

## INCOME AND EXPENDITURE 2018/19

|  | Actuals<br>at<br>31/12/18 | Full Year<br>Approved<br>Budget<br>2018/19 | Full Year<br>Projected<br>Out-turn<br>2018/19 | Full Year<br>Projected<br>Over/<br>(Under)<br>Spend | Para<br>Ref | Commentary |
|--|---------------------------|--|---|---|-------------|------------|
|  | £                         | £  | £   | £   |             |            |
| <b>Property Income</b>                               |                           |  |   |   |             |            |
| Rentals Receivable                                   | (58,828)                  | (69,632)                                   | (69,632)                                      | 0   | 4.2         |            |
| <b>Non-Property Related Income</b>                   |                           |  |   |   |             |            |
| Interest on Cash deposited with Council              |                           | (133)                                      | (133)   | 0   | 4.3         |            |
| Kames Investment – Dividends Rec'd                   | (10,054)                  | (11,568)                                   | (11,168)                                      | 400   | 4.3         |            |
| <b>Total Income</b>                                  | <b>(68,882)</b>           | <b>(81,333)</b>                            | <b>(80,933)</b>                               | <b>400</b>  |             |            |
| <b>Property Expenditure</b>                          |                           |  |   |   |             |            |
| Property Costs – General                             | 75,434                    | 15,000                                     | 86,000  | 71,000  | 4.4         | -          |
| <b>Total Property Expenditure</b>                    | <b>4,434</b>              | <b>15,000</b>                              | <b>86,000</b>                                 | <b>71,000</b>                                       |             |            |
| <b>Grants &amp; Other Donations</b>                  | <b>9,420</b>              | <b>22,000</b>                              | <b>22,000</b>                                 | <b>0</b>  | 4.5         |            |
| <b>Central Support Service Charge</b>                | <b>0</b>                  | <b>10,000</b>                              | <b>10,000</b>                                 | <b>0</b>  |             |            |
| <b>Depreciation</b>                                  |                           |  |   |   |             |            |
| Depreciation Charge                                  | 0                         | 67,958                                     | 67,958  | 0   | 4.6         |            |
| Contribution from Revaluation Reserve                | 0                         | (67,958)                                   | (67,958)                                      |   | 4.6         |            |
| <b>Net impact of Depreciation on Revenue Reserve</b> | <b>0</b>                  | <b>0</b>                                   | <b>0</b>                                      | <b>0</b>  |             |            |
| <b>Total Net (Surplus)/Deficit for year</b>          | <b>(55,028)</b>           | <b>(34,333)</b>                            | <b>37,067</b>                                 | <b>71,400</b>                                       |             |            |

## SELKIRK COMMON GOOD FUND

## PROJECTED BALANCE SHEET VALUE AS AT 31 March 2019

|  | Opening<br>Balance at<br>01/04/18<br>£ | Projected<br>Movement in<br>Year<br>£ | Projected<br>Balances at<br>31/03/19<br>£ |
|--|--|---------------------------------------|---|
| <b>Fixed Assets</b>                          |  |                                       |   |
| Land & Buildings                             | 3,111,361                              | (67,958)                              | 3,043,403                                 |
| Moveable Assets                              | 1,500                                  | 0                                     | 1,500                                     |
| <b>Total Fixed Assets</b>                    | <b>3,112,861</b>                       | <b>(67,958)</b>                       | <b>3,044,903</b>                          |
| <b>Capital in Newton<br/>Investment Fund</b> |  |                                       |   |
| Investment in Kames Fund                     | 231,937                                | 35,000                                | 266,937                                   |
| Unrealised Gains/(Loss)                      | (588)                                  |                                       | (588)                                     |
| <b>Market Value</b>                          | <b>231,349</b>                         | <b>35,000</b>                         | <b>266,349</b>                            |
| <b>Current Assets</b>                        |  |                                       |   |
| Debtors                                      | 7,486                                  | 0                                     | 7,486                                     |
| Cash deposited with SBC                      | 84,016                                 | (72,067)                              | 11,949                                    |
|  | <b>91,502</b>                          | <b>(72,067)</b>                       | <b>19,435</b>                             |
| <b>Current Liabilities</b>                   |  |                                       |   |
| Creditors                                    | (20,391)                               | 0                                     | (20,391)                                  |
| Receipts in Advance                          | (21,515)                               | 0                                     | (21,515)                                  |
|  | <b>(41,906)</b>                        | <b>0</b>                              | <b>(41,906)</b>                           |
| <b>Net Assets</b>                            | <b>3,393,806</b>                       | <b>(105,025)</b>                      | <b>3,288,781</b>                          |
| <b>Funded by:</b>                            |  |                                       |   |
| <b>Reserves</b>                              |  |                                       |   |
| Revenue Reserve                              | (106,925)                              | 72,067                                | (34,858)                                  |
| Capital Reserve                              | (194,412)                              | (35,000)                              | (229,412)                                 |
| Revaluation Reserve                          | (3,092,469)                            | 67,958                                | (3,024,511)                               |
| <b>Total Reserves</b>                        | <b>(3,393,806)</b>                     | <b>105,025</b>                        | <b>(3,288,781)</b>                        |

## SELKIRK COMMON GOOD FUND

**PROPERTY PORTFOLIO PERFORMANCE FOR 2018/19**  
**(Actual Income and Expenditure to 31 December 2018)**

| Fixed Assets –<br>Land & Buildings | Net Book<br>Value at<br>31/03/18<br>£ | Projected<br>Depn<br>Charge<br>2018/19<br>£ | Projected<br>Net Book<br>Value at<br>31/03/19<br>£ | Projected<br>Rental<br>Income<br>2018/19<br>£ | Actual Property Expenditure at 31/12/18 |                                    |          |            |            |
|------------------------------------|---------------------------------------|---|--|---|---|------------------------------------|----------|------------|------------|
|                                    |                                       |   |  |   | Repairs<br>£                            | Rates,<br>Water<br>&<br>Power<br>£ | Ins<br>£ | Other<br>£ | Total<br>£ |
| The Green Hut                      | 4,800                                 | 0   | 4,800  | 1,175   | 0                                       | 0                                  | 0        | 0          | 0          |
| Town Hall Clock                    | 0                                     | 0   | 0  | 0   | 0                                       | 0                                  | 0        | 0          | 0          |
| Pant Well Monument                 | 0                                     | 0   | 0  | 0   | 0                                       | 0                                  | 0        | 0          | 0          |
| Victoria Hall Caretakers Flat      | 44,580                                | 2605  | 41,975   | 0   | 0                                       | 0                                  | 0        | 0          | 0          |
| Victoria hall                      | 701,393                               | 39,000                                      | 662,392  | 0   | 0                                       | 0                                  | 0        | 0          | 0          |
| Pringle Park                       | 0                                     | 0   | 0  | 0   | 0                                       | 0                                  | 0        | 0          | 0          |
| Victoria Park Pavilion site        | 2,000                                 | 0   | 2,000  | 200   | 0                                       | 0                                  | 0        | 0          | 0          |
| Pringle Park Play Area             | 0                                     | 0   | 0  | 0   | 0                                       | 0                                  | 0        | 0          | 0          |
| Selkirk Golf Course                | 78,500                                | 0   | 78,500   | 0   | 0                                       | 0                                  | 0        | 0          | 0          |
| South Common Farm                  | 449,256                               | 3,686                                       | 445,570  | 9,600   | 0                                       | 0                                  | 0        | 0          | 0          |
| Smedheugh Farm                     | 775,440                               | 4,640                                       | 770,800  | 28,700  | 0                                       | 0                                  | 0        | 0          | 0          |
| Selkirk Hill Grazings              | 35,000                                | 0   | 35,000   | 410   | 0                                       | 0                                  | 0        | 0          | 0          |
| Linglie Farm                       | 615,332                               | 3,667                                       | 611,665  | 7,300   | 4,381                                   | 0                                  | 0        | 0          | 4,381      |
| Victoria Park & Caravan Site       | 0                                     | 0   | 0  | 0   | 0                                       | 0                                  | 0        | 0          | 0          |
| 26 Market Place                    | 23,768                                | 1,933                                       | 21,835   | 4,160   | 0                                       | 0                                  | (38)     | 0          | (38)       |
| 28 Market Place                    | 31,940                                | 2,640                                       | 29,300   | 5,600   | 0                                       | 0                                  | (213)    | 0          | (213)      |
| Selkirk Town Hall                  | 114,852                               | 9,787                                       | 105,065  | 0   | 304                                     | 0                                  | 0        | 0          | 304        |
| South Common Plantations           | 3,500                                 | 0   | 3,500  | 0   | 0                                       | 0                                  | 0        | 0          | 0          |
| Smedheugh Farm Shootings           | 4,000                                 | 0   | 4,000  | 200   | 0                                       | 0                                  | 0        | 0          | 0          |
| Smedheugh Plantations              | 9,500                                 | 0   | 9,500  | 0   | 0                                       | 0                                  | 0        | 0          | 0          |
| Linglie Plantations                | 16,000                                | 0   | 16,000   | 0   | 0                                       | 0                                  | 0        | 0          | 0          |
| Linglie Farm Shootings             | 8,000                                 | 0   | 8,000  | 200   | 0                                       | 0                                  | 0        | 0          | 0          |
| Linglie Mast Site                  | 87,000                                | 0   | 87,000   | 11,848  | 0                                       | 0                                  | 0        | 0          | 0          |
| South Common Farm Shootings        | 0                                     | 0   | 0  | 200   | 0                                       | 0                                  | 0        | 0          | 0          |



| Fixed Assets –<br>Land & Buildings | Projected<br>Net Book<br>Value at<br>31/03/18<br><br>£ | Projected<br>Depn<br>Charge<br>2018/19<br><br>£ | Projected<br>Net Book<br>Value at<br>31/03/19<br><br>£ | Projected<br>Rental<br>Income<br>2018/19<br><br>£ | Actual Property Expenditure at 31/12/18 |                                    |              |                |                |
|------------------------------------|--|---|--|---|---|------------------------------------|--------------|----------------|----------------|
|                                    |  |   |  |   | Repairs<br><br>£                        | Rates,<br>Water<br>&<br>Power<br>£ | Ins<br><br>£ | Other<br><br>£ | Total<br><br>£ |
| Bog Park Recreation Area           | 0  | 0   | 0  | 0   | 0                                       | 0                                  | 0            | 0              | 0              |
| Shawburn Amenity Ground            | 0  | 0   | 0  | 0   | 0                                       | 0                                  | 0            | 0              | 0              |
| Shawburn Toll Embankment           | 0  | 0   | 0  | 0   | 0                                       | 0                                  | 0            | 0              | 0              |
| Bog Park Playground                | 0  | 0   | 0  | 0   | 0                                       | 0                                  | 0            | 0              | 0              |
| Victoria Park Play Area            | 0  | 0   | 0  | 0   | 0                                       | 0                                  | 0            | 0              | 0              |
| Civic Amenity Site                 | 70,800   | 0   | 70,800   | 0   | 0                                       | 0                                  | 0            | 0              | 0              |
| Rosebank Quarry Former Tip Site    | 0  | 0   | 0  | 0   | 0                                       | 0                                  | 0            | 0              | 0              |
| Rosebank Quarry Play Area          | 0  | 0   | 0  | 0   | 0                                       | 0                                  | 0            | 0              | 0              |
| Shawpark Road Development Site     | 35,000   | 0   | 35,000   | 0   | 0                                       | 0                                  | 0            | 0              | 0              |
| River Ettrick Salmon Fishing Right | 700  | 0   | 700  | 0   | 0                                       | 0                                  | 0            | 0              | 0              |
| Property Expenditure - General     | -  | -   | -  | 0   | 0                                       | 0                                  | 0            | 0              | 0              |
| <b>Total</b>                       | <b>3,111,361</b>                                       | <b>67,958</b>                                   | <b>3,043,403</b>                                       | <b>69,632</b>                                     | <b>4,685</b>                            | <b>0</b>                           | <b>(251)</b> | <b>0</b>       | <b>4,434</b>   |

| <b>Fixed Assets –<br/>Moveable Assets</b> | <b>Net Book<br/>Value at<br/>31/03/18</b> |
|---|---|
|   | <b>£</b>                                  |
| Provosts Badge & Chain                    | 0   |
| Treasurer's Badge & Chain                 | 0   |
| Baillies Badges & Chains                  | 0   |
| Burgess Cup                               | 0   |
| Burgess Roll                              | 0   |
| Silver Arrow Display Case                 | 1,500                                     |
| Haining Painting                          | 0   |
| <b>Total</b>                              | <b>1,500</b>                              |

## SELKIRK 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           | 69,530         | 130,000        |
| Further 2016-17 Investment                      | 27,950         | 55,000         |
| Newton Fund Disinvestment (February 2018)       | (97,480)       | (185,000)      |
| Kames Capital Investment (February 2018)        | 168,040        | 181,938        |
| Additional Kames Capital Investment March 2018  | 46,331         | 50,000         |
| Additional Kames Capital Investment August 2018 | 69,335         | 75,000         |
| <b>Total Invested to 30 September 2018</b>      | <b>283,706</b> | <b>306,938</b> |

| <b>Value of Investment</b>                          | <b>£</b>        |
|---|-----------------|
| 31 March 2018                                       | 231,938         |
| 30 June 2018  | 229,977         |
| 30 September  | 305,525         |
| 31 December 2018                                    | 288,700         |
| <b>Increase/(Decrease) from Total Cash Invested</b> | <b>(18,238)</b> |