
MONITORING REPORT FOR 9 MONTHS TO 31 DECEMBER 2018

Report by the Chief Financial Officer

HAWICK COMMON GOOD FUND SUB-COMMITTEE

19 March 2019

1 PURPOSE AND SUMMARY

- 1.1 This report provides the details of the income and expenditure for the Hawick 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 surplus of £12,514 for the year, which is in line with the approved budget.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2019. It shows a projected decrease in reserves of £27,077.
- 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;**
 - (b) Notes the projected balance sheet value as at 31 March 2019 2018/19 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 to 31 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 surplus of £22,364.

4.2 Income & Expenditure –Property 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 £250 relating to interest receivable on cash held by SBC. Also included are dividends from the Common Good Funds investment in Kames Capital amounting to £22,692. Dividends earned to date amount to £18,819 which is in line with the overall 5% target and the monthly distribution profile projections provided by Kames.

4.4 Income & Expenditure – Property Expenditure

(a) The property expenditure to 31 December 2018 is detailed in Appendix 3 by property.

(b) The approved Budget for 2018/19 is shown in Appendix 1.

4.5 Income & Expenditure – Grants & Other Donations

The grants and other donations approved and distributed to 30 September 2018 are shown below.

Grant Recipients	Approved	£
Approved and Paid to 31 December 2018		
Hawick Honorary Provost Council	07/06/18	2,500
Live Music Hawick	18/07/18	3,550
Burnfoot Community Council	27/08/18	2,000
Hawick Archaeological Society	28/08/18	1,000
Hawick Operatic Society	30/08/18	3,500
Escape Youth Services	31/08/18	4,000
Hawick Community Council	31/08/18	4,300
Homebasics (Tweeddale) Co Ltd	21/09/18	4,300
Total Paid to 31 December 2018		25,150
Approved but not yet paid		
Hawick Salvation Army hire of Hall for Xmas Service (recurring annual payment)	18/11/14	200
Total Grants Approved		200
2018/19 Budget		35,000
Unallocated/(Overallocated) Budget		9,650

4.6 Income & Expenditure – Depreciation Charge

The depreciation charge is projected to be £39,591. 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 as at 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 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 2018, projected depreciation charges for 2018/19 and projected value at 31 March 2019.

4.9 Balance Sheet – Investment Fund

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 £43,312 at 31 March 2019 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2018	30,798
Projected deficit for year from Income & Expenditure Statement	12,514
Projected Net cash movement in Debtors/Creditors	
Projected Closing Balance at 31 March 2019	43,312

4.11 Balance Sheet – Capital Reserve

The projections for the Capital Reserves include the unrealised gain for the Kames Fund as at 31 March 2018 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 implications other than those explained above in section 4.

5.2 Risk and Mitigations

There is a risk that investments in the Kames 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 their 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)

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Background Papers:

Previous Minute Reference: Hawick Common Good Committee 11 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.

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HAWICK COMMON GOOD FUND

APPENDIX 1

PROJECTED INCOME AND EXPENDITURE 2018/19

	Actuals at 31/12/18 £	Full Year Approved Budget 2018/19 £	Full Year Projected Out-turn 2018/19 £	Full Year Projected Over/ (under) Spend £	Para Ref	Commentary
Property Income						
Rentals Receivable	(54,017)	(105,413)	(105,413)	0		
Property Recharges						
Non-Property Related Income						
Interest on Cash deposited with Council	0	(250)	(250)	0		
Investment Fund – Dividends Rec'd	(18,819)	(22,692)	(22,692)	0		
Other Income	0					
Total Income	(72,836)	(128,355)	(128,355)	0		
Property Costs Detailed in Appendix 3	53,172	70,000	70,000	0		
				0		
Grants & Other Donations	25,150	35,000	35,000	0		
Central Support Service Charge	0	10,841	10,841	0		
Depreciation						
Depreciation Charge	0	39,591	39,591	0		
Contribution from Revaluation Reserve	0	(39,591)	(39,591)	0		
Net impact of Depreciation on Rev Res	0	0	0	0		
Total Net (Surplus)/Deficit for year	5,486	(12,514)	(12,514)	0		

HAWICK COMMON GOOD FUND

PROJECTED BALANCE SHEET VALUE AS AT 31 March 2019

	Opening Balance at 01/04/18	Projected Movement in Year	Projected Balances at 31/03/19
	£	£	£
Fixed Assets			
Land & Buildings	3,556,087	(39,591)	3,516,496
Heritable Assets	3,000	0	3,000
Feu Duties	18	0	18
Total Fixed Assets	3,559,105	(39,591)	3,519,514
Capital in Investment Funds			
Investment Fund Book Value	455,420	0	455,420
Unrealised Gains/(Loss)	(1,472)	0	(1,472)
Market Value	453,948	0	453,948
Current Assets			
Debtors	19,517	0	19,517
Cash deposited with SBC	30,798	12,514	43,312
Total Current Assets	50,315	12,514	62,829
Current Liabilities			
Creditors	(22,603)	0	(22,603)
Receipts in Advance	(12,654)	0	(12,654)
Total Current Liabilities	(35,256)	0	(35,256)
Net Assets	4,028,112	(27,077)	4,001,035
Funded by:			
Reserves			
Revenue Reserve	(11,308)	(12,514)	(23,822)
Capital Reserve	(593,534)	0	(593,534)
Revaluation Reserve	(3,423,270)	39,591	(3,383,679)
Total Reserves	(4,028,112)	27,077	(4,001,035)

HAWICK COMMON GOOD FUND

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

Fixed Assets – Land & Buildings	Net Book Value at 31/03/18	Deprec'n Charge 2018/19	Net Book Value at 31/03/19	Rental Income 2018/19	Actual Property Expenditure at 31/12/18				
					Repairs	Rates, Water & Power	Ins	Other	Total
	£	£	£	£	£	£	£	£	£
General									
Moat Park	0	0	0	0	0	0	0	0	0
Moat Park Playground	0	0	0	0	0	0	0	0	0
Hawick Golf Course	73,000	0	73,000	9,200	433	0	0	0	433
Acreknowe Reservoir (Part)	0	0	0	0	1,846	0	0	0	1,846
Williestruther Loch	4,500	0	4,500	400	2,498	0	0	0	2,498
Williestruther Cottage	161,484	4,629	156,855	6,500	1,600	0	0	0	1,600
Lothian Street Store	16,148	463	15,685	2,550	0	0	0	0	0
Common Haugh Car Park	82,000	0	82,000	10,700	391	428	0	570	1,389
Underhaugh	0	0	0	0	0	0	0	0	0
Hawick Moor Racecourse & Bldgs	30,040	1,240	28,800	0	4,575	0	0	0	4,575
Hawick Moor Shootings	4,000	0	4,000	0	0	0	0	0	0
Woodend Grazings (West)	1,500	0	1,500	195	0	0	0	0	0
Millpath Stables	20,260	560	19,700	0	86	156	0	0	242
Ca'Knowe Monument	0	0	0	0	0	0	0	0	0
Volunteer Park & Stand	280,269	14,933	265,336	50	409	0	0	0	409
Hawick Burgh Woodlands	99,000	0	99,000	0	0	0	0	0	0
Woodend Grazings (East)	1,000	0	1,000	195	0	0	0	0	0
Hawick Golf Club Sub Stn Site	750	0	750	75	0	0	0	0	0
Common Riding	0	0	0	0	0	0	0	723	723
Haggis Ha/Burnflat Wall	0	0	0	0	0	0	0	0	0
Williestruther Path	0	0	0	0	246	0	0	0	246
100 Stairs and Adjacent Land	0	0	0	0	0	0	0	0	0
Property Expenditure (General)	-	-	-	-	827	0	0	0	827
General Sub Total	773,951	21,825	752,126	29,865	12,911	584	0	1,293	14,788

Fixed Assets – Land & Buildings	Net Book Value at 31/03/18	Deprec'n Charge 2018/19	Net Book Value at 31/03/19	Rental Income 2018/19	Actual Property Expenditure at 31/12/18				
					Repairs	Rates, Water & Power	Ins	Other	Total
	£	£	£	£	£	£	£	£	£
Pilmuir									
Pilmuir Farm	1,785,005	3,749	1,781,256	45,000	6,915	0	0	0	6,915
Pilmuir Farm Cottage	145,600	3,600	142,000	7,200	983	0	0	0	983
Pilmuir Farm Shed & Silage Pit	0	0	0	0	0	0	0	0	0
Property Expenditure (General)	-	-	-	-	0	0	0	0	0
Pilmuir Sub Total	1,930,605	7,349	1,923,256	52,200	7,898	0	0	0	7,898
St Leonards									
St Leonards Farmhouse Buildings	236,444	4,889	231,555	9,600	10,233	0	0	0	10,233
St Leonards Cottage & Park	192,884	5,529	187,355	5,648	17,426	0	0	0	17,426
St Leonards Hut	3,200	0	3,200	0	2,616	166	0	0	2,782
St Leonards Grazings (Lot 1B)	135,000	0	135,000	0	45	0	0	0	45
St Leonards Horse Gallop	17,000	0	17,000	600	0	0	0	0	0
St Leonards Grazings (Lot 1A)	267,000	0	267,000	7,500	0	0	0	0	0
Property Expenditure (General)	-	-	-	-	0	0	0	0	0
St Leonards Sub Total	851,528	10,418	841,110	23,348	30,320	166	0	0	30,486
Total	3,556,087	39,591	3,516,496	105,413	51,129	750	0	1,293	53,172

Fixed Assets – Moveable Assets	Net Book Value at 31/03/18
	£
Official Robes	0
Pictures in Municipal Buildings	0
Provost's Chain	0
Feu Duty Redemptions	18
Hizzie Leathers	3,000
James Wilson Statue	0
Total	3,018

HAWICK COMMON GOOD FUND

INVESTMENTS EXTERNALLY MANAGED

Cost of Investment	Units	£
Initial Investment - 13 December 2013	102,901	192,394
Further 2013-14 Investments	88,292	166,777
Further 2016-17 Investments	52,815	100,000
Newton Fund Disinvestment (February 2018)	(244,088)	(459,171)
Kames Capital Investment (February 2018)	420,634	455,420
Total Invested to 31 March 2018	420,634	455,420

Value of Investment	£
31 March 2018	453,948
30 June 2018	451,256
30 September 2018	452,981
31 December 2018	428,037
Unrealised Gain/(Loss) on Investment	(27,383)