
Monitoring Report for 9 Months to 31 December 2018

Report by the Chief Financial Officer

GALASHIELS COMMON GOOD SUB-COMMITTEE

14 March 2018

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 2018 and full year projected out-turn for 2018/19 and projected balance sheet values as at 31 March 2019.**
- 1.2 Appendix 1 provides a projected income and expenditure position. This shows a projected surplus of £2,487 for the year, which is in line with the approved budget.
- 1.3 Appendix 2 provides a projected balance sheet as at 31 March 2019. It shows a projected decrease in the reserves of £33,705.
- 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 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 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 £2,487.

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 outturn position shows an amount of £10 relating to interest receivable on cash held by SBC. Also included are dividends from the Common Good Funds investment in Kames Capital amounting to £7,649 Dividends earned to date amount to £6,171 which is in line with the overall 5% target and the monthly distribution profile projections provided by Kames.

4.4 **Income & Expenditure – Property Expenditure**

There are no Property Expenses on the Galashiels Common Good properties.

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

The grants and other donations distributed and committed to 30 September 2018 are shown below. The revised budget is projected at £3,250 to reflect the approved grant amount.

Grant Recipients	Approved	£
Approved and Paid to 31 December 2018		
Galashiels Hotspur Football Club	10/05/2018	3,250
Total Paid to 31 December 2018		3,250
Revised Budget 2018/19		3,250
Unallocated/(Overallocated) Budget		0

4.6 **Income & Expenditure – Depreciation Charge**

The depreciation charge is projected to be £36,192. 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.

4.7 Appendix 2 provides the balance sheet values 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 31 March 2015. Appendix 3 shows the values of the individual properties at 31 March 2017, 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 £5,332 at 31 March 2019 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2018	12,845
Projected Surplus/(Deficit) for year from Income & Expenditure Statement	2,487
Investment in Kames	(10,000)
Projected Closing Balance as at 31 March 2019	5,332

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 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 are currently being consulted and their comments will be incorporated into the final report.

Approved by

David Robertson
Chief Financial Officer

Signature

Author(s)

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Background Papers:

Previous Minute Reference: Galashiels Common Good Committee 6 December 2018

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GALASHIELS COMMON GOOD FUND

INCOME AND EXPENDITURE 2018/19

	Actuals at 31/12/18	Full Year Approved Budget 2018/19	Projected Outturn 2018/19	Full Year Projected Over/ (Under) Spend £	Para Ref	Commentary
	£	£	£	£		
Property Income						
Rentals Receivable	0	0	0	0	4.2	
Non-Property Related Income						
Interest on Cash deposited with Council	0	(10)	(10)	0	4.3	
Kames Fund Investment – Dividends Rec'd	(6,171)	(7,649)	(7,649)	0	4.3	
Other Income	0	0	0	0		
Total Income	(6,171)	(7,659)	(7,659)	0		
Property Expenditure						
Property Costs – General	0	0	0	0		
Total Property Expenditure	0	0	0	0		
Grants & Other Donations	3,250	3,250	3,250	0	4.5	
Central Support Service Charge	0	1,922	1,922	0		
Depreciation						
Depreciation Charge	0	36,192	36,192	0	4.6	
Contribution from Revaluation Reserve	0	(36,192)	(36,192)	0		
Net impact of Depreciation on Revenue Reserve	0	0	0	0		
Total Net (Surplus)/Deficit for year	(2,921)	(2,487)	(2,487)	0		

GALASHIELS COMMON GOOD FUND

PROJECTED BALANCE SHEET VALUE AS AT 31 March 2018

	Opening Balance at 01/04/18 £	Projected Movement in Year £	Projected Balances at 31/03/19 £
Fixed Assets			
Land & Buildings	552,175	(36,192)	515,983
Heritable Assets	0	0	0
Total Fixed Assets	552,175	(36,192)	515,983
Capital in Kames Investment Fund			
Investment in Kames Fund	147,852	10,000	157,852
Unrealised Gains/(Loss)	(478)	0	(478)
Market Value	147,374	10,000	157,374
Current Assets			
Debtors	0	0	0
Cash deposited with SBC	12,845	(7,513)	5,332
	12,845	(7,513)	5,332
Current Liabilities			
Creditors	0	0	0
	0	0	0
Net Assets	712,394	(33,705)	678,689
Funded by: Reserves			
Revenue Reserve	(11,967)	(2,487)	(14,454)
Capital Reserve	(301,578)	0	(301,578)
Revaluation Reserve	(398,849)	36,192	(362,657)
Total Reserves	(712,394)	33,705	(678,689)

GALASHIELS COMMON GOOD FUND

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

Fixed Assets – Land & Buildings	Net Book Value at 31/03/18 £	Projected Depn Charge 2018/19 £	Projected Net Book Value at 31/03/19 £	Projected Rental Income 2018/19 £	Actual Property Expenditure at 31/12/18				
					Repairs £	Rates, Water & Power £	Ins £	Other £	Total £
Bank Street Gardens	0	0	0	0	0	0	0	0	0
Ladhope Drive Car Park	0	0	0	0	0	0	0	0	0
Ladhope Golf Course	110,000	0	110,000	0	0	0	0	0	0
Ladhope Woodland	6,250	0	6,250	0	0	0	0	0	0
Ladhope Glen Park	0	0	0	0	0	0	0	0	0
Ladhope Recreation Ground	0	0	0	0	0	0	0	0	0
Old Gala House	435,925	36,192	399,733	0	0	0	0	0	0
Mercat Cross	0	0	0	0	0	0	0	0	0
Sir Walter Scott Statue	0	0	0	0	0	0	0	0	0
Old Town Cemetery	0	0	0	0	0	0	0	0	0
Amenity Ground at Haliburton Pl	0	0	0	0	0	0	0	0	0
Leabrae Playground	0	0	0	0	0	0	0	0	0
Sml area of Netherdale Play Field	0	0	0	0	0	0	0	0	0
Property Expenditure (General)	-	-	-	0	0	0	0	0	0
Total	552,175	36,192	515,983	0	0	0	0	0	0

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

GALASHIELS COMMON GOOD FUND

INVESTMENTS EXTERNALLY MANAGED

Cost of Investment	Units	£
Initial Investment - 5 September 2014	10,411	20,000
Contribution from SBC compensation for late investment	248	476
Further 2015-16 Investment	2,636	5,000
Transfer of Ladhope Trust Investment	65,922	123,254
Newton Fund Disinvestment (February 2018)	(79,243)	(148,730)
Kames Capital Investment (February 2018)	136,558	147,851
Kames Capital Investment (September 2018)	9,244	10,000
Total Invested to 30 September 2018	145,802	157,851

Value of Investment	£
31 March 2018	147,374
30 June 2018	146,499
30 September 2018	157,015
31 December 2018	148,369
Increase/(Decrease) from Total Cash Invested	(9,482)